Canada Trustco Annual Report 1983

CONTENTS

The 120th annual general shareholders' meeting: 11 a.m., Tuesday, February 21, 1984, Holiday Inn City Centre Tower, London, Ontario, Canada.

Preference shares series G and common shares are listed on Toronto, Montreal and Alberta Stock Exchanges under the stock symbol CT.

V-Day valuation of common shares as at December 22, 1971 is $25.00.

Head Office: Canada Trust Tower, 275 Dundas Street, London, Ontario, Canada N6B 3L1.

Executive Office: Canada Trust Building, 110 Yonge Street, Toronto, Ontario, Canada M5C 1T4.

Additional information on the company is available by writing or phoning C.R. Clarke, Vice-President and Secretary Canada Trust Tower, 275 Dundas Street, London, Ontario, Canada N6B 3L1 (519) 673-6157.

“An executive information network was introduced to senior management in May.”

Doug Dolman
Office Systems

“Re-structuring the commercial mortgage operation contributed to a strong sales improvement.”

Wilf Park
Kitchener Main

COMPANY PROFILE

Canada Trustco Mortgage Company was incorporated in 1864 as The Huron and Erie Mortgage Corporation. Today Canada Trustco is one of the nation's largest trust and loan companies. Assets under administration exceeded $20 billion at December 31, 1983. Customers are served from 197 financial branches offering savings, loans and certain trust services, and 79 real estate sales offices. Corporate term lending and complete trust services are provided through full service branches in major markets.

Canada Trust is the commonly used name for Canada Trustco Mortgage Company and its wholly owned subsidiary The Canada Trust Company, incorporated in 1894. For many years the two companies have been completely integrated for operating purposes, with Canada Trustco licensed under the Loan Companies Act (Canada) and Canada Trust under the Trust Companies Act (Canada).

A subsidiary, Truscan Realty Limited, owns many of the company's branch premises as well as investing directly in development and rental projects for both investment and resale.

FOCUS ON MIDDLE MANAGEMENT

Middle management depth is key to success.

Assistant Vice-Presidents are the backbone of this strength, effectively managing most aspects of operational planning and implementation.

A candid photo of each AVP with comment on a 1983 activity of significance to his or her area of responsibility is incorporated in this year's report.

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

Canada Trustco offers Canadian resident common shareholders a convenient, economical way to increase investment in the company. By enrolling in the dividend reinvestment and share purchase plan shareholder quarterly dividends are automatically invested in additional common shares at a five per cent discount from market value without brokerage fees, commissions or service charges. The plan also includes an option to purchase additional common shares, with cash, at each individual payment date. While there's not a discount on these shares there is still no brokerage.

DIRECTORS

After each name, age and number of years service as a director are shown. Average age is 59 and average service 10 years.

J. W. ADAMS (59-3)
London
President, Emco Limited

A. E. BARRON (65-23)
Toronto
Chairman, Canadian Tire Corporation Limited

MRS. SONJA I. BATA (57-1)
Don Mills
Director, Bata Limited

RUDOLPH P. BRATTY (51-7)
Toronto
Barrister and Solicitor

JOHN B. CRONYN (63-12)
London
Corporate Director and Consultant

FREDERICK W. DAKIN (58-9)
Hamilton
President and Chief Executive Officer, The G.W. Robinson Company Limited

G.H. DOBBIE (65-34)
Cambridge
Chairman, Glenelg Textiles Limited

ERIC F. FINDLAY (57-7)
Toronto
Chairman and Chief Executive Officer, Silverwood Industries Limited

REFORD GARDHOUSE (67-6)
Milton
Corporate Director

WILLIAM D. GRACE (48-2)
Edmonton
Senior Vice-President, Finance Canadian Utilities Limited

W. HOWARD HEMPHILL (67-17)
Stratford
Chairman, Krug Furniture Inc.

J.T. HILL (51-2)
Kitchener
President and General Manager Economical Mutual Insurance Company

MRS. BERYL M. IVEY (59-3)
London
Vice-President and Director The Richard Ivey Foundation

E. S. JACKSON (61-1)
Toronto
President, The Manufacturers Life Insurance Company

M. L. LAHN (50-6)
London
President and Chief Executive Officer Canada Trustco

TOM LAWSON (68-28)
London
Colonel of the Regiment Royal Canadian Regiment Honorary Chairman Lawson & Jones Limited

F.T. METCALF (62-4)
Puslinch
President and Chief Operating Officer, Maclean Hunter Limited

ARTHUR H. MINGAY (64-20)
Toronto
Chairman of the Board and the Executive Committee, Canada Trustco

KENNETH G. MURRAY (59-8)
Kitchener
President, J.M. Schneider Inc.

CARL O. NICKLE (69-14)
Calgary
President, Conventures Limited

JOHN H. PANABAKER (55-5)
Waterloo
Chairman and Chief Executive Officer, The Mutual Life Assurance Company of Canada

D.H. PARKINSON (58-4)
Vancouver
Senior Vice-President and Chief Financial Officer, Westcoast Transmission Company Limited

W.J. STENASON (53-12)
Calgary
Corporate Director and Consultant

R.W. STEVENS (57-14)
Toronto
Barrister and Solicitor

J.D. STEVENSON (54-13)
Toronto
Barrister and Solicitor

PETER N.T. WIDDRINGTON (53-9)
London
President and Chief Executive Officer John Labatt Limited

EXECUTIVE COMMITTEE

A.H. Mingay, *Chairman*
J.W. Adams
A.E. Barron
J.B. Cronyn
F.W. Dakin
E.S. Jackson
M.L. Lahn
T. Lawson
J.H. Panabaker
W.J. Stenason

NOMINATING COMMITTEE

A.E. Barron, *Chairman*
J.W. Adams
J.B. Cronyn
F.W. Dakin
E.S. Jackson
T. Lawson
J.H. Panabaker
W.J. Stenason

AUDIT COMMITTEE

J.W. Adams, *Chairman*
A.E. Barron
R.P. Bratty
F.W. Dakin
R.W. Gardhouse
E.S. Jackson
T. Lawson

COMPENSATION/HUMAN RESOURCES COMMITTEE

J.H. Panabaker, *Chairman*
J.B. Cronyn
F.T. Metcalf
W.J. Stenason
R.W. Stevens
J.D. Stevenson

HONORARY DIRECTORS

Honorary directors neither attend meetings of the board, nor receive remuneration.

J.A. TAYLOR, *Honorary Chairman*
W.A. BEAN
W.J. BEATTY
HENRY BORDEN
C.W. BRAZIER
HUGH CAMPBELL
J.V. CLYNE
T. EDMONDSON
W.W. FOOT
I.E. HOUSER
K.R. MacGREGOR
O.E. MANNING
C.A. MARTIN
H.S. MATTHEWS
H.L. McCULLOCH
D. McINTOSH
M.C.G. MEIGHEN
L. RASMINSKY
G.E. ROBERTSON
E.G. SCHAFER
J.W. SCOTT
G.E. SHARPE
W.H. SPRAGUE
H.R. STEPHEN
J.J. STUART
NOAH TORNO
A.S. UPTON
A.E. WALFORD
J.D. WILSON
R.B. WILSON

BOARD COMMITTEES

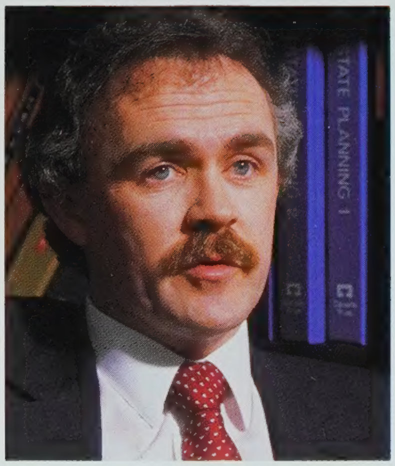
The Nominating Committee, which under company by-laws consists of all members of the Executive Committee other than active or retired employees, recommends individuals for election to board and committee membership.

Directors annually appoint three committees from their members.

The Executive Committee conducts business between board meetings, exercising the same powers, authorities and discretions except where restricted by board regulations or statute.

The Audit Committee approves annual statement format, meets with internal auditors and external shareholders' auditors and recommends financial statements to the board for approval.

The Compensation/Human Resources Committee reviews policy on compensation and benefits, approves executive and senior management salaries, benefits and bonuses, if any, and evaluates executive and senior management performance and resources.

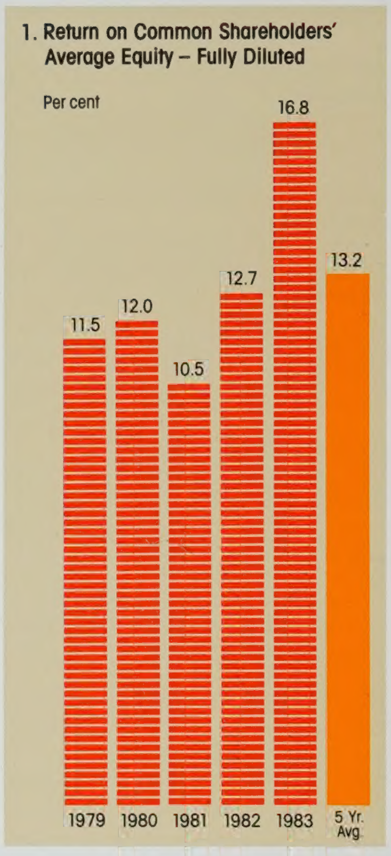


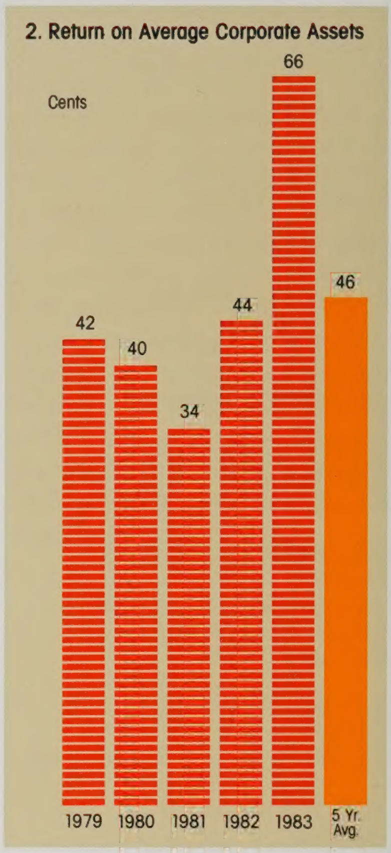
"Indexed security investment plans were added to the product mix in October."

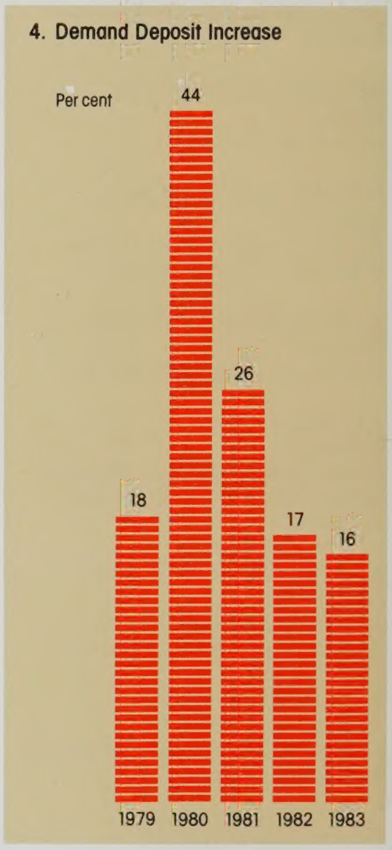
Rory MacDonald
Personal Trust

PERFORMANCE AGAINST OBJECTIVES

Several key objectives for 1983 were noted in the 1982 report. Following is a comparison of performance against each of these objectives.







OBJECTIVE 1
Achieve an after-tax return of 15% on common shareholders' average equity - fully diluted over the last five years.

Performance: Averaged 13.2% over the 1979 - 1983 period and was 16.8% for 1983.

OBJECTIVE 2
Achieve an after-tax return of 65¢ per $100 on average corporate assets over the last five years.

Performance: Averaged 46¢ over the 1979 - 1983 period and was 66¢ for 1983.

OBJECTIVE 3
Achieve a differential between return on investments and cost of deposits of 2.30% or greater on a taxable equivalent basis, up from 1.81% in 1982.

Performance: 2.23%.

OBJECTIVE 4
Increase demand deposits by 16% compared with 17% in 1982.

Performance: Increased 16% to $4.1 billion.

OBJECTIVE 5

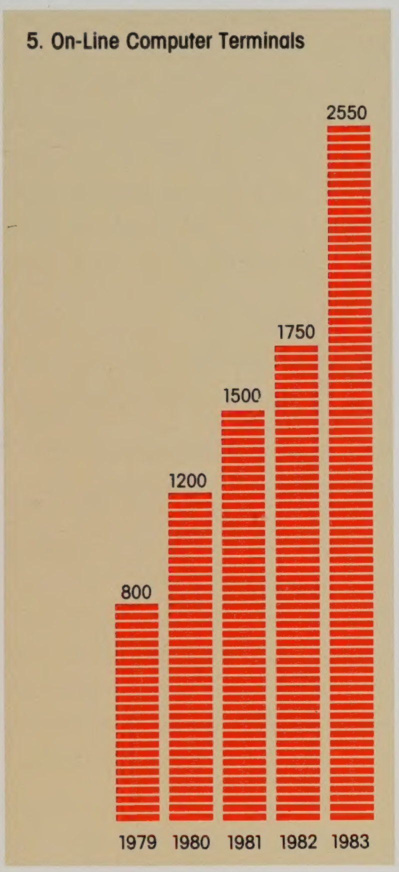
Complete phase two of branch conversion to direct data entry by installing large screen terminals in 72 branches bringing the total to 125.

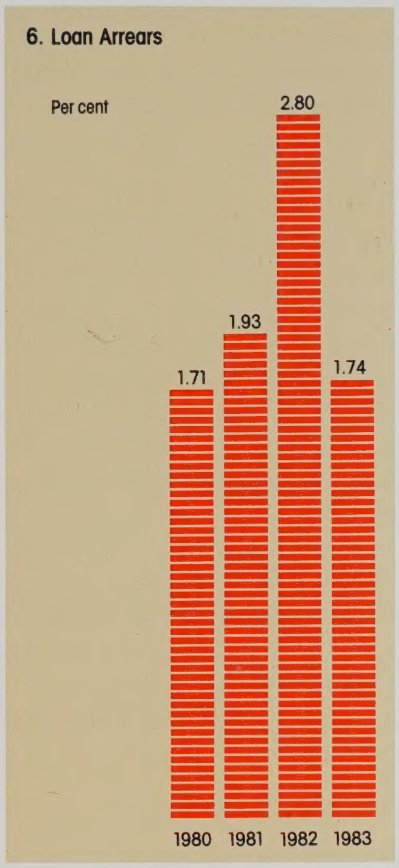
Performance: Large screens now in all 197 branches.

OBJECTIVE 6

Reduce consumer, personal, collateral and mortgage loans 30 days or more in arrears to 1.00% or less in dollar volume of portfolio at year-end compared with 2.80% at December 31, 1982.

Performance: 1.74%.





"The highly successful spring savings campaign brought in significant new deposits."
Stan Martin
Demand Savings

OBJECTIVE 7

Increase first year fees from new personal, pension and corporate trust business developed by 20% to $2.2 million from $1.8 million in 1982.

Performance: Increased 44% to $2.6 million.

OBJECTIVE 8

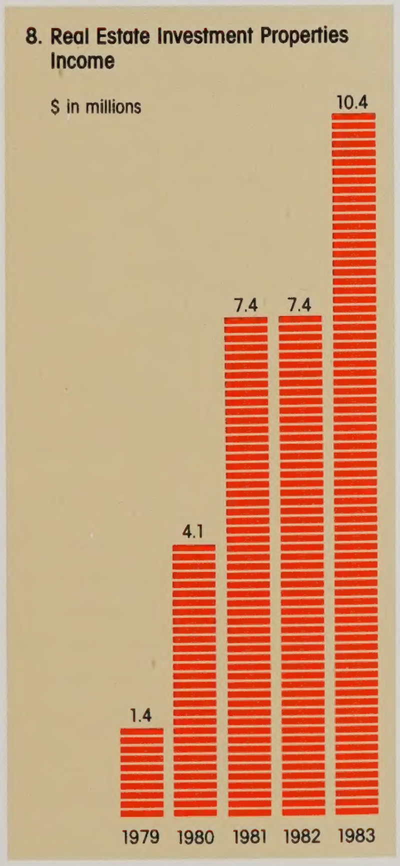
Generate net real estate investment properties income of at least $12.5 million,a 69% increase from $7.4 million in 1982.

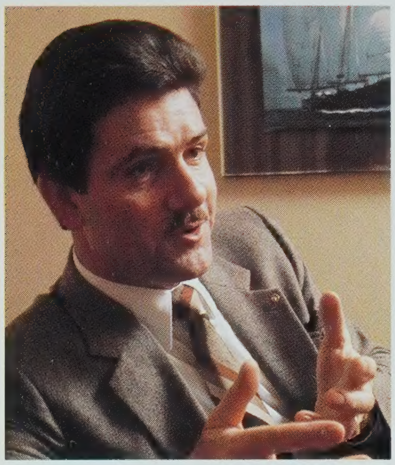
Performance: $10.4 million.

OBJECTIVE 9

Generate pre-tax earnings of $750,000 from real estate sales compared to a pre-tax loss of $2,836,000 in 1982.

Performance: $289,000.





"Establishing the Atlantic provinces as a region set the stage for expansion."
Don Snyder
Atlantic

"Superb branch effort led the way to a 400% increase in residential mortgage business."
Suellen Levi
Pacific

1984 OBJECTIVES

Stated here are several key objectives for the year ahead. Comparison of performance will appear in the 1984 report.

OBJECTIVE ONE
Return on equity
Achieve an after-tax return of 15% on common shareholders' average equity – fully diluted over the last five years.

OBJECTIVE TWO
Return on corporate assets
Achieve an after-tax return of 65¢ per $100 on average corporate assets over the last five years.

OBJECTIVE THREE
Interest rate differential
Achieve a differential between return on investments and cost of deposits of 2.35% or greater on a taxable equivalent basis, up from 2.23% in 1983.

OBJECTIVE FOUR
Operating expenses
Increase in operating expenses over 1983 will be contained to a percentage no greater than the rate of growth in corporate assets.

OBJECTIVE FIVE
Branch expansion
Increase the number of financial services branches by no less than ten from 197 to 207.

OBJECTIVE SIX
Computerization
Provide a sustained high level of customer service by averaging 99% network computer availability during the year.

OBJECTIVE SEVEN
Trust fees
Personal, pension and corporate trust fees will exceed $41.1 million, a 10% increase over $37.4 million in 1983.

OBJECTIVE EIGHT
Real estate investment properties
Pre-tax return on assets in Truscan Realty Limited will be 9% or greater compared with 7.2% in 1983.

OBJECTIVE NINE
Real estate sales
Generate pre-tax earnings of $1 million or greater from real estate sales compared with $0.3 million in 1983.

SIMPLIFIED FINANCIAL STATEMENTS

OPERATIONS FOR YEAR ENDED DECEMBER 31

HOW INCOME WAS EARNED	1983	1982	% Increase (Decrease)
The most significant segment of operations is investing depositors' and shareholders' funds in income producing assets. Gross investment income was	$ 1,073,486,000	$1,205,238,000	(11)
Most of this income was paid to depositors as interest on savings accounts, certificates of deposit, investment certificates and other types of investments and some was set aside to provide for investment losses	876,097,000	1,058,952,000	(17)
After provision for investment losses this left net investment income of	197,389,000	146,286,000	35
Fees and net commissions earned			
from trust operations	37,416,000	33,891,000	10
from service charges of all types, including credit cards	31,411,000	26,699,000	18
from selling real estate	10,677,000	5,813,000	84
Other sources of income	2,221,000	2,321,000	(4)
Total income earned	$ 279,114,000	$ 215,010,000	30

HOW INCOME WAS USED	1983	1982	% Increase (Decrease)
A major portion of the income was paid as salaries and benefits to employees	$ 99,767,000	$ 95,708,000	4
Cost of operating branches and offices, including maintenance	23,157,000	21,264,000	9
Computer support systems are vital to operations and were a significant cost	18,726,000	16,869,000	11
All other costs including advertising, stationery and communications	43,565,000	37,299,000	17
Income taxes	30,068,000	4,294,000	600
Dividends to shareholders	24,851,000	23,799,000	4
Earnings retained to finance future growth	38,980,000	15,777,000	147
Total income used	$ 279,114,000	$ 215,010,000	30

POSITION AT YEAR-END

WHERE MONEY TO INVEST WAS OBTAINED	1983	1982	% Increase (Decrease)
Shareholders provide the investment necessary to finance current operations and future growth. As well, shareholders' funds provide additional security for depositors.			
Shareholders' funds were	$ 442,547,000	$ 363,068,000	22
Depositors' funds were	9,663,361,000	8,825,017,000	9
Other liabilities were	76,150,000	54,406,000	40
Total money obtained	$10,182,058,000	$9,242,491,000	10

WHERE MONEY WAS INVESTED	1983	1982	% Increase (Decrease)
Some investments are held in liquid form to meet deposit withdrawals, deposit maturities and fund investments and other contractual commitments	$ 2,028,921,000	$1,727,816,000	17
Most investments are loans, such as mortgages, corporate and personal loans	6,660,711,000	6,206,439,000	7
All other investments, including those made by Truscan, the real estate investment subsidiary	1,431,363,000	1,251,144,000	14
Land, premises and equipment owned and used in operations	61,063,000	57,092,000	7
Total money invested	$10,182,058,000	$9,242,491,000	10

TEN YEAR RECORD

	Compound Growth Rate % Increase (Decrease) 10 Year	5 Year	1983	1982	1981
For the year (in thousands)					
Investment income	21.8	18.1	$ 1,073,486	$ 1,205,238	$ 1,124,827
Interest on deposits and provision for investment losses	23.1	18.5	876,097	1,058,952	1,021,682
Net investment income after provision for investment losses	17.4	16.8	197,389	146,286	103,145
Fees and net commissions	17.3	19.6	79,504	66,403	58,104
Other income	19.2	24.7	2,221	2,321	5,236
Earnings before operating expenses	17.4	17.6	279,114	215,010	166,485
Operating expenses					
Salaries and benefits	18.6	17.0	99,767	95,708	81,110
Other	20.7	19.5	85,303	74,701	63,921
	19.5	18.1	185,070	170,409	145,031
Earnings before income taxes	14.1	16.6	94,044	44,601	21,454
Income taxes	9.4	20.7	30,068	4,294	(7,230)
Net earnings	17.4	14.9	$ 63,976	$ 40,307	$ 28,684
At year-end (in thousands)					
Assets under administration	17.5	17.2	$20,959,000	$18,212,000	$16,790,000
Personal, pension and pooled trust funds	16.9	20.0	10,777,000	8,970,000	8,146,000
Deposits	18.2	14.6	9,663,000	8,825,000	8,269,000
Loans	15.3	10.6	6,661,000	6,206,000	6,372,000
Shareholders' equity	19.0	14.8	443,000	363,000	315,000
Return on common shareholders' average equity - fully diluted	(.2)	(.9)	16.8%	12.7%	10.5%
Per common share					
Net earnings					
Basic	8.7	6.8	$ 5.40	$ 3.43	$ 2.61
Fully diluted	7.4	5.9	4.80	3.22	2.53
Dividends paid	2.8	2.6	1.52	1.52	1.52
Shareholders' equity	8.3	8.8	31.47	26.36	24.50
Market price					
High	3.4	10.5	48	34½	34
Low	1.2	5.9	30	18¼	25⅛
December 31	3.6	13.8	45¼	34	29
Price-earnings multiple - fully diluted, December 31	(3.6)	7.3	9.4	10.6	11.5
Price-equity multiple - basic, December 31	(4.4)	4.9	1.4	1.3	1.2
Statistical data at year-end					
Number of shares outstanding					
Preference		7.3	5,500,000	5,650,000	5,237,356
Common	6.7	8.6	10,568,549	9,483,019	8,570,294
Number of shareholders	3.4	(2.2)	6,484	6,511	6,312
Trading volume during the year					
Preference		49.8	2,614,000	617,000	968,000
Common	16.0	25.0	2,122,000	2,511,000	1,261,000
Warrants		141.9	1,407,000	1,079,000	26,000
Number of financial services branches	8.6	5.6	197	189	185
Number of full-time equivalent employees	8.4	8.5	4,863	4,549	4,676
Number of real estate offices	6.5	8.3	79	84	71
Number of real estate sales representatives	14.6	18.7	1,251	1,219	774

1980	1979	1978 Base Year	1977	1976	1975	1974	1973 Base Year
$ 782,504	$ 590,146	$ 466,320	$ 396,599	$ 292,724	$ 219,984	$ 181,361	$ 149,823
684,700	511,345	375,490	309,612	237,362	175,545	148,038	110,055
97,804	78,801	90,830	86,987	55,362	44,439	33,323	39,768
43,927	36,763	32,509	28,731	24,020	22,929	19,871	16,060
2,065	1,677	736	792	913	511	427	383
143,796	117,241	124,075	116,510	80,295	67,879	53,621	56,211
63,684	52,755	45,487	40,421	31,876	26,696	22,280	18,108
51,131	41,029	34,986	29,939	22,207	17,744	14,743	13,007
114,815	93,784	80,473	70,360	54,083	44,440	37,023	31,115
28,981	23,457	43,602	46,150	26,212	23,439	16,598	25,096
790	(965)	11,718	16,164	8,509	9,360	7,569	12,194
$ 28,191	$ 24,422	$ 31,884	$ 29,986	$ 17,703	$ 14,079	$ 9,029	$ 12,902
$14,299,000	$11,840,000	$9,484,000	$7,860,000	$6,891,000	$5,563,000	$4,771,000	$4,167,000
6,694,000	5,438,000	4,333,000	3,460,000	3,189,000	2,937,000	2,547,000	2,259,000
7,290,000	6,103,000	4,884,000	4,163,000	3,524,000	2,483,000	2,111,000	1,808,000
5,832,000	5,072,000	4,022,000	3,393,000	2,974,000	2,151,000	1,868,000	1,610,000
256,000	247,000	222,000	189,000	147,000	121,000	89,000	78,000
12.0%	11.5%	17.6%	19.1%	14.2%	13.1%	11.2%	17.2%
$ 2.82	$ 2.64	$ 3.88	$ 3.76	$ 2.57	$ 2.17	$ 1.61	$ 2.34
2.72	2.54	3.61	3.50	2.47	2.14	1.61	2.34
1.52	1.52	1.34	1.30	1.20	1.20	1.20	1.15
23.07	21.75	20.66	18.15	15.71	15.06	14.54	14.15
28⅝	27½	29⅛	29	26½	27	31¾	34¼
18	21⅜	22½	20⅝	18¾	22	16⅛	26½
26½	22½	23¾	29	21	24½	23½	31¾
9.7	8.9	6.6	8.3	8.5	11.4	14.6	13.6
1.1	1.0	1.1	1.6	1.3	1.6	1.6	2.2
3,712,095	3,844,028	3,868,436	3,118,496	1,881,437	1,880,280	425,000	
7,867,770	7,829,611	6,988,971	6,988,763	6,988,663	5,521,088	5,521,088	5,521,088
6,930	7,263	7,241	7,252	7,401	6,309	4,612	4,654
563,000	1,630,000	347,000	450,000	215,000	263,000		
1,796,000	1,352,000	696,000	582,000	402,000	443,000	321,000	480,000
10,000	1,000	17,000	44,000				
173	162	150	136	123	93	91	86
4,282	3,705	3,227	2,921	2,615	2,332	2,321	2,169
66	63	53	58	56	48	46	42
708	623	531	594	578	460	368	320

REPORT TO SHAREHOLDERS

DIRECTORATE

At the shareholders' meeting on February 22, 1983 two directors did not stand for re-election: Elmore Houser, because of age limitation, and H. R. Stephen, out of desire to reduce his corporate involvements. Both were appointed honorary directors in recognition of their valuable contribution over many years.

Mrs. Sonja I. Bata, director of Bata Limited and E. Sydney Jackson, president of The Manufacturers Life Insurance Company, both of Toronto, were elected directors.

During the year the deaths of Walter J. Blackburn, a director since 1956, and J. D. Harrison, an honorary director, were recorded with deep regret.

LEGISLATION

Canada Trustco and Canada Trust are federally incorporated companies and thus their operating parameters stem from federal legislation. At the same time they must comply with provincial legislation applicable to the various jurisdictions in which they are licensed to conduct business.

Complete uncertainty continues as to long-awaited and badly needed revision of federal legislation governing loan and trust companies. The atmosphere of uncertainty which plagues the industry has now been compounded by proposals announced in November, 1983 for revision of the loan and trust corporation legislation and administration in Ontario.

At both the federal and provincial levels of legislation there are two principal areas of concern.

First, there should be limitation on beneficial ownership of voting shares in trust and loan companies to 10% per company or person or group of associated companies or persons. Independent, widely-held companies, as provided under the Bank Act for schedule A chartered banks, will best serve the public interest. This is particularly true in respect of trust companies, where independence is vitally important to thousands of trust clients, many of whom, unlike depositors, do not enjoy the flexibility of moving their business from one institution to another. After several years of procrastination and indecision regarding ownership, the federal government appears now to have shelved indefinitely the proposed Canada Savings Banks and Trust Companies Act which must deal with this issue.

The Ontario government, in legislative proposals referred to above, rejects the wisdom of limitation on voting share ownership. This notwithstanding the recent defacto failure of three individually controlled, Ontario incorporated and regulated deposit-taking institutions and notwithstanding also that, by deposit volume, a majority of the 90 United States banks that failed in 1982-1983 were closely held institutions. In substitution, extraordinary and unduly stringent regulations are proposed which would be largely unnecessary if an ownership restriction were to be adopted.

The second area of concern relates to the ability of the loan and trust industry to effectively compete with chartered banks due to lack of adequately broad investment powers for the former. The need for revision to federal loan and trust legislation is urgent. Almost two years ago the government proposed a complete revision of federal legislation rather than patchwork amendments that have been resorted to for some 70 years.

Now the government's position, as recently enunciated by the minister of finance, is that the proposed act is not a priority item and a fourteen member advisory committee is to examine the entire financial services industry. It is a safe bet there will be no concrete action until well after the next election. Thus, at least another few years of further erosion in competitive position vis-a-vis chartered banks are in prospect for federally incorporated loan and trust companies.

All in all this whole legislative picture is a sad commentary on government lethargy and political expediency at both federal and provincial levels. A balanced approach to revisions of legislation is essential during a period when deregulation in an orderly fashion is necessary for the financial services industry to evolve in the public interest.

ACKNOWLEDGMENT

The significant accomplishments of 1983, to which this report attests, were made possible by the commitment and effort of an energetic and imaginative staff. The vigour with which they responded to challenges wrought by an uncertain economic environment was a principal contributor to record results. On behalf of shareholders, directors express appreciation to all employees for their dedicated service and hard work throughout the year.

SUPPLEMENT TO ANNUAL REPORT

Estate administration, in all its complexities, is the subject of an accompanying booklet entitled "Your Executor and Your Estate". Trust services represent an integral business segment and an important contributor to earnings.

EARNINGS

In 1983 net earnings were $64.0 million, an increase of $23.7 million or 59% over $40.3 million in 1982. After dividends attributed to preference shares, basic net earnings per common share on the weighted average number of common shares outstanding were $5.40 compared with $3.43 in 1982. On a weighted average and fully diluted basis net earnings per common share were $4.80, up 49% from $3.22 in 1982.

Fourth quarter 1983 net earnings detailed on page 41 constituted a record quarterly performance. For the fourth quarter net earnings were $19.2 million, up 16% from $16.5 million earned in the third quarter and up 34% from $14.3 million earned in fourth quarter 1982. Fourth quarter net earnings per common share – fully diluted were $1.43, up 25% from $1.14 a year ago.

Expressed as an annualized return on average corporate assets, 1983 net earnings represented 66¢ per $100 compared with 44¢ in 1982. Annualized return on common shareholders' average equity – fully diluted was 16.83% compared with 12.70% one year earlier.

Contribution to earnings by business segment before income taxes is reported in note 11. This year all expense has been allocated to the three segments based on cost allocation methods believed to be reasonable. Figures for 1982 have been restated to be comparable. Intermediary contribution was 92% of total, fiduciary 8% and real estate sales 0%, compared with 92%, 14% and a negative 6% respectively in 1982.

Intermediary segment earnings contribution at $86.8 million increased 112% from $40.9 million in 1982. This gain was largely due to interest rate differential on a taxable equivalent basis rising to 2.23% in 1983 from 1.81% in 1982. Relative stability in interest rates, coupled with an interest rate sensitivity position that was essentially matched, were significant factors in the improvement.

Fiduciary segment earnings contribution at $6.9 million increased 6% from $6.5 million in 1982. Trust services business development results were particularly gratifying, especially in the personal trust area. This augurs well for fee generation in future years. Clearly, as the only major, national company offering qualified trust services under management independent of

"Retail credit operations were reorganized to take advantage of market opportunities and improve productivity."

Bob Overholt
Residential Mortgages and Consumer Loans

"Branch productivity received a real boost with installation of direct data entry terminals."

Warren Elliott
Hamilton/Niagara

“Syndications for Shell, Suncor and the British Columbia government will have ongoing profit impact.”
Richard Coles
Corporate Loans

“The sales finance program was successfully introduced to local car dealers.”
Jim Wilken
Ottawa Main

control by concentrated ownership, vast new business opportunities exist and are being aggressively developed.

At $0.3 million, real estate sales segment contribution was in sharp contrast to the $2.8 million loss in 1982. As reported at mid-year, involvement in real estate sales will be maintained.

The effective rate of income taxes provided in the consolidated statement of earnings was 32.0% compared to 9.6% in 1982. Note eight on income taxes on page 28 includes a reconciliation of statutory and effective rates. Recognition of the $22.5 million tax loss carry forward continues to be appropriate since it is virtually certain it will be used.

Economic recovery and lower interest rates experienced in 1983 greatly assisted most borrowers, both individual and corporate. During 1983, additions to the allowance for investment losses were $10.3 million compared to $22.3 million in 1982. Actual loss experience as a percentage of loans outstanding was 0.30% compared to 0.34% in 1982. At year-end the allowance, as set out in note five, stood at $30.0 million versus $35.3 million one year earlier. Since the entire allowance is tax paid, it is capable of absorbing $60.0 million of pre-tax losses assuming a 50% tax rate. This provides coverage of 1.4 times non-performing investments at December 31, 1983 compared with 1.6 times one year earlier. Management believes that the allowance is more than ample to meet unforeseen future losses.

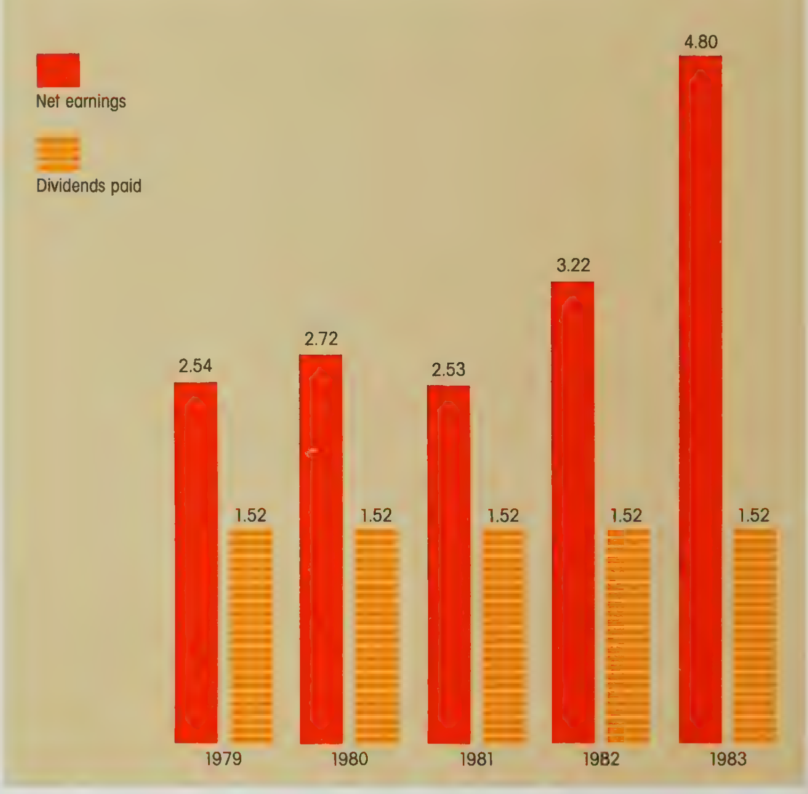
Expense management programs in effect throughout 1983 had a favourable impact on growth in operating expenses. The increase was limited to 9% being approximately half the growth rate experienced in 1982. An objective to reduce rate of increase in operating expenses to a percentage no greater than annual rate of growth in corporate assets was met. Additional expense containment initiatives have been launched to assist in again attaining this goal in 1984. Operating expenses to average assets were 1.91% in 1983 compared to 1.88% in 1982.

For one hundred and twenty years Canada Trustco has had a tradition of community service. It is a corporate philosophy that time, talent and money will be contributed to organizations dedicated to the well-being of communities in which we operate. In addition to social responsibility and employees taking an active part in civic life, a charitable contributions program results in significant community benefit. During 1983 $462,000, or 0.72% of net earnings, were disbursed to a wide range of worthy causes. This compared with $423,000 or 1.05% of net earnings in 1982.

ASSETS UNDER ADMINISTRATION

Business volumes as measured by assets administered were $21.0 billion. Corporate assets increased by $940 million to $10.2 billion. Personal, pension and pooled trust funds increased by $1.8 billion to $10.8 billion. Growth rates compared with 1982 were: total assets, 15% versus 8%; corporate assets, 10% versus 7%; trust funds, 20% versus 10%.

Net Earnings – Fully Diluted and Dividends Paid Per Common Share – $

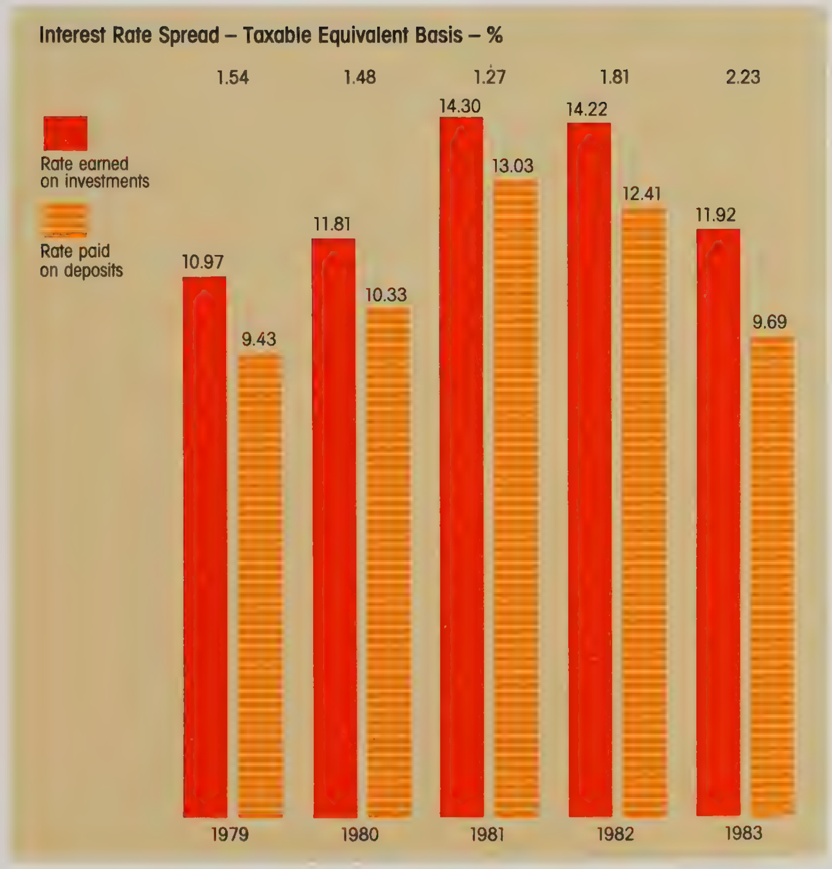


CAPITAL MANAGEMENT
Additional permanent capital was raised during the second quarter through sale of one million common shares by private placement with major investors – principally institutions. The price per share was $41 and net proceeds of $40,750,000 after commission of $250,000 were received on May 30 and used for general corporate purposes.

During the year $3 million par value of series A, 8¾% preference shares, being the balance outstanding as of January 1, were purchased for cancellation.

The deposit multiple of shareholders' equity, calculated in the manner prescribed by federal regulation, was 17.31 times at December 31, 1983 compared with 21.16 times one year earlier. It is not anticipated that additional capital will be required for several years, possibly many, given the foreseeable modest rate of growth in corporate assets and significant retention of earnings.

At a board meeting on January 24, 1984 directors voted to split Canada Trustco's common shares on a two-for-one basis subject to shareholder approval at the annual meeting on February 21, 1984. At the same meeting, the board raised the quarterly dividend from 33 cents to 40 cents a common share commencing with the April 1, 1984 payment. An extra dividend of 20 cents was also declared payable April 1, 1984, being the same as the extra paid in 1983. On a post split basis, assuming shareholder approval thereof, the quarterly dividend rate will be 20 cents per common share.



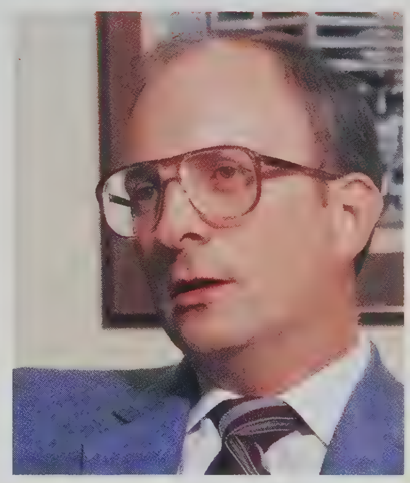
FINANCIAL DISCLOSURE
It has long been Canada Trustco's posture to furnish shareholders, clients, staff and the public at large with the utmost in meaningful financial information. As well, there has been no reticence to experiment with methods of presentation which might enhance understanding of results by all constituencies.

The Canadian Institute of Chartered Accountants, by reason of a lack of consensus as to method of disclosure, excluded trust companies from its recommendation that certain Canadian companies provide supplementary inflation adjusted information in their annual reports. Canada Trustco believes that experimentation and innovation should proceed, lack of consensus notwithstanding. Pages 36 and 37 exhibit inflation adjusted information which will start the process, hopefully in a cautious manner as to its interpretation.

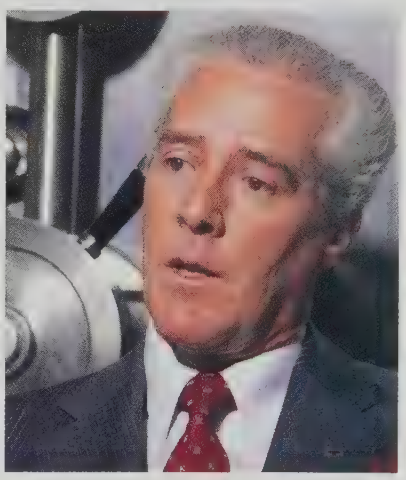
Additionally, audited financial statements of the companies' pension fund appear on pages 42 and 43 for the first time. Commentary from shareholders and others as to worthwhileness of these additional disclosures will be most welcome.

CORPORATE INVESTMENTS
Pages 31 to 33 feature a detailed discussion of ongoing interest rate sensitivity matching programs, the development and refinement of which continue to be of prime importance.

Throughout the year, the statement of condition contained a high degree of liquidity even though deposit growth was quite modest. This high liquidity was due to difficulty in acquiring investments of the type required to most effectively utilize deposits.



"Major construction was completed at eight new, five relocated and six expanded branches."
Doug Gibbings
Design and Construction



"Full participation in the Canada Depository for Securities became effective in May."
George Pace
Toronto Main

"Bond trading was particularly active in 1983, exceeding $3 billion."
Chris Disney
Fixed Income Investments

"Corporate business development objectives were exceeded for the seventh consecutive year."
Peter Davidson
Corporate Business Development, Pacific

The dramatic slackening of economic activity in 1982 reduced both the need and desire to borrow. While the pace of the economy quickened steadily in 1983, borrowers remained cautious. Because virtually all deposits originate from individual savers, temporary investment of deposits in liquid assets produces an adequate, if less than optimum, interest rate spread. It was corporate strategy to continue to match deposits with investments of identical interest rate sensitivity.

Because of limited loans availability, the year was characterized by extreme competition in lending markets. In such times, a financial intermediary must exhibit flexibility and be prepared to shift attention from one investment area to another. Central lending operations were reorganized to enhance such flexibility. In addition, lending authorities and procedures were streamlined to consolidate credit control and asset management operations.

Significant purchases of preference shares of taxable Canadian corporations were made in 1983, providing excellent after-tax returns. These purchases met corporate matching criteria.

Corporate and Financial Institutions Term Loans – During 1983 loans in this category were authorized in an amount of $818 million. However, due to a high level of repayments, the portfolio decreased $52 million. Lending strategy continued to emphasize high quality borrowers who were attracted by extremely competitive rates.

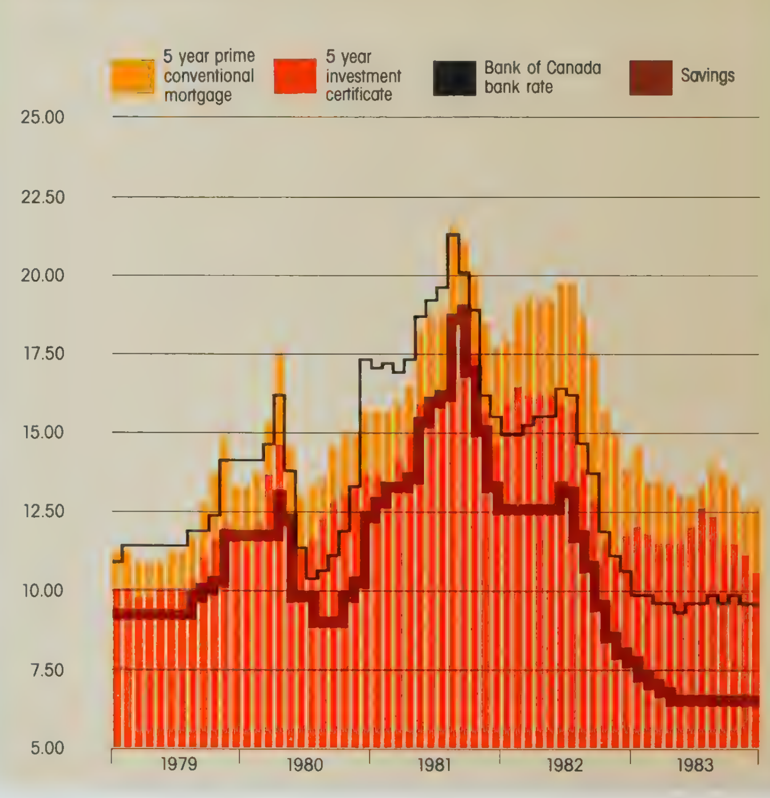
Strong car sales made good growth possible in wholesale and lease financing of automobile dealers. Over $80 million in loans outstanding and a further $63 million in undrawn commitments at year-end compared favourably with $34 million and $32 million respectively at the end of 1982.

Commercial Mortgages – Non-residential construction activity remained at a low level during the year with commercial mortgage demand being quite weak, resulting in keen rate competition.

Applications approved totalled $98 million with demand for fixed rate mortgages being twice that for floating rate. Owners of commercial property desired to fix interest rates at what they considered to be favourable levels relative to rental income. Principal amount of loans one month and three months in arrears at year-end was 3.22% and 1.92% of portfolio respectively, compared to 4.33% and 2.30% at the end of 1982.

Residential Mortgages – Falling interest rates stimulated residential mortgage loan demand, but repayments continued at an accelerated pace, limiting portfolio increase. Mortgage customers continued to opt predominately for shorter terms as over 50% of mortgage approvals were for a term of one year or less. This behaviour is not unusual during periods of falling interest rates. However, for the first time in several years, there was increased demand for five year mortgages. Moreover, there was a reasonably good balance between five year deposits and five year mortgages. Principal amount of loans in arrears one month and three months at year-end was 1.39% and 0.59% respectively compared to 2.42% and 1.21% at the end of 1982.

Comparative Interest Rates – %



Included in mortgage advances was $45 million of HomeOwner loans – a product which was introduced in 1981 as the first variable rate mortgage offered by a major financial institution in Canada.

Net growth of total mortgage portfolio at $430 million compared favourably with the contraction of $397 million in 1982.

Consumer, Personal and Collateral Loans – This area suffered from a lack of demand and little growth in spite of increased marketing efforts. Consumers continued to be cautious and tended to purchase from savings rather than borrow for consumption.

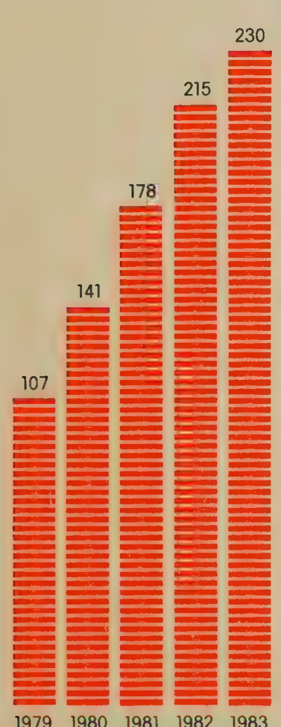
Non-Performing Investments – Note four to the financial statements on page 27 gives details of non-performing investments. These include non-accruing loans, reduced rate corporate term loans and real estate acquired in settlement of loans.

At year-end 1982, non-performing investments totalled $44 million before allocation of applicable portion of the allowance for investment losses. This was reduced in part by write-down of several loans by charges to the allowance for investment losses throughout 1983 including the following: the $20 million loan to Turbo Resources Limited was written down an additional $5 million to $5 million, the $8.9 million loan to Daon Development Corporation an additional $1.9 million to $2 million and the $10 million loan to Carma Developers Limited by $5 million to $5 million.

After write-downs and including investments which were classified as non-performing during 1983, year-end gross non-performing investments were $42 million.

Reduced rate corporate term loans include problem situations which were restructured by negotiated reduction in interest rate below the then prevalent market rate. Non-performing investments also include real properties to which title has been acquired through foreclosure or quit claim deed and which have been transferred to real estate acquired in settlement of loans.

Growth in On-Line Savings Transactions
000's of transactions per day



TRUST INVESTMENTS

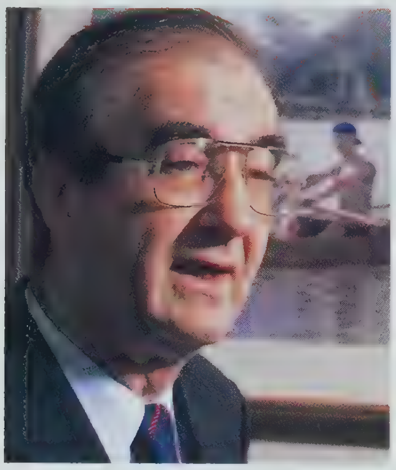
The consumer staged a remarkable recovery in 1983 in response to stable interest rates. Led by strong spending on durables and residential construction as well as a high level of net exports, the Canadian economy outpaced the U.S. recovery.

Employment and corporate profits were severely affected by the recession but are now showing clear signs of improvement. Inventories had been liquidated through mid-year but the trend is presently shifting towards accumulation. This will have a strongly levered impact on real growth. Consumer spending, which is necessary for a prolonged economic recovery, will benefit from increased employment and demand for goods will expand into non-durables.

Long corporate bond yields moved in the 12% range for much of the year. This stability allowed many corporations to refinance large short term debt load with long term debt or equity issues, reducing the demand for short term money. The outlook is for interest rates to remain relatively stable over the next year as demand for credit by governments will be balanced by slack demand for business credit. Another factor will be the desire of governments in both the U.S. and Canada to keep rates from rising during an election year.

“Focus on recruitment and training of quality people improved customer service.”
Dave Gregory
Prairies

“A new commercial mortgage department helped achieve significantly greater volumes.”
Lindsay Somerville
Vancouver Main



“Direct participation in the Canadian Payments Association was the first for a trust company.”
Norm White
Clearing Systems

“Two-thirds of newly available corporate trust business was captured for the sixth consecutive year.”
Ken Sutherland
Corporate Business Development, Prairies

Improvement in the economy and the stability of interest rates encouraged equity markets to rise throughout most of the year. Resource and consumer stock groups provided much impetus for the market's advance to record levels. However, continued uncertainty over world oil prices and a general decline in commodity prices has caused the heavily resource-weighted Canadian equity market to retrace some earlier gains.

PROPERTY INVESTMENTS

Real Estate Investments – Continued growth, with increased emphasis on profitability, was a principal strategy. In 1983 the portfolio increased 8% to $186 million compared with $172 million one year earlier. Net income from real estate investment properties totalled $10.4 million compared to $7.4 million in 1982, an increase of 41%.

The portfolio contains in excess of 3.2 million square feet of space, diversified both by use and geographically with $71 million in office buildings, $63 million in shopping centres and $52 million in properties held for development and resale.

Owned land and buildings were independently appraised as of September 30, 1983. Estimated appraisal increment totalled $50 million over net depreciated values of $186 million. Detail appears on page 39.

Branches and Premises – Eight new financial services branches were opened, bringing the total to 197. Five were opened in existing markets – Vancouver Lonsdale at 19th; Edmonton Jasper at 115th; Edmonton Whyte at 83rd; Edmonton Capilano Mall and Ottawa Merivale north of Meadowlands. Three branches were opened in new markets – Woodstock and New Hamburg in Ontario and Saint John, New Brunswick.

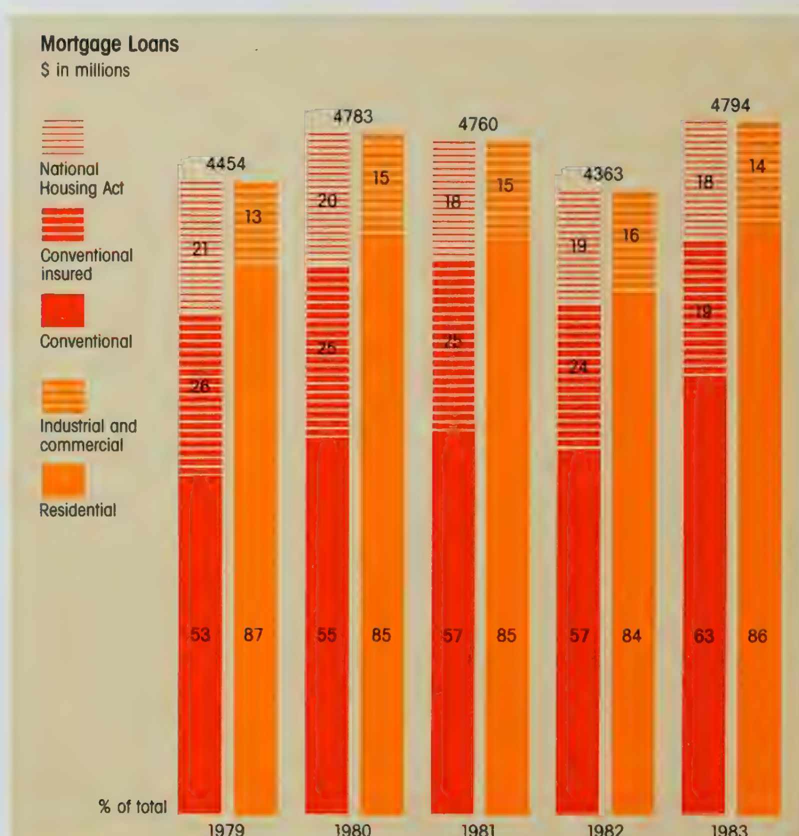
Sudbury, London Commissioners at Boler, Lethbridge 3rd Ave. S. at 7th, and Grimsby were relocated in new owned branches and Red Deer Village Shopping Centre was relocated in new leased premises. Major renovations were completed at Vancouver Cambie at 41st, Port Colborne, Hamilton Centre Mall, Hamilton Eastgate Square, Mississauga Highway 10 south of 5, and Prince George.

In 1984 Moose Jaw branch will be relocated in new owned quarters and Toronto Finch east of Bayview will be relocated in new leased quarters.

REAL ESTATE SALES

Residential sales recovery, which began in last quarter 1982, continued throughout 1983. Market improvement in industrial, commercial and investment sales did not occur until last half 1983. Gross commissions of $42 million were 82% ahead of 1982, establishing a record for the division. Commissions earned by area were 68% in Ontario, 9% in British Columbia and 23% in the Prairie provinces.

Pre-tax operating profit of $0.3 million was a dramatic improvement over the pre-tax loss of $2.8 million in 1982. This is attributable to improved market conditions resulting principally from lower mortgage interest rates, cost control and elimination of most non-profitable offices. The division is approaching the net earnings performance guideline of 15% return on capital employed on a run-



ning nine month average. Operations are expected to show increased profitability in 1984.

Eight residential sales offices were closed and three opened. One office in Ottawa was relocated. A new leasing division was established in Vancouver. Real estate services were offered at 71 residential offices and eight industrial, commercial and investment offices at year-end compared with 77 and seven respectively at December 31, 1982. The sales force at year-end was 1,251, up from 1,219 at the end of 1982.

SAVINGS SERVICES

Demand Savings – Demand deposits increased $577 million or 16% compared with $525 million or 17% in 1982.

Extended hours "8 to 8" service provides customers a minimum 68 banking hours each week at 140 of 197 financial services branches or 71%, compared to 121 of 189 or 64% at year-end 1982.

A spring savings promotion was an unqualified success. Customers were given a chance to win one of 15 new automobiles for each $100 deposited. "Muffin" the teddy bear campaign mascot was a singular hit.

Account transactions increased 7%. Selective, increased activity charges were necessary to partially defray inflation in costs.

Clearing Systems – Direct participation as the first loan and trust company in the Canadian Payments Association will result in reduced clearing costs. A senior officer was appointed to the planning committee allowing input into further electronic funds development.

In December, JohnnyCash electronic banking machines were successfully launched in London with eighteen units in eleven branches. Cardholders numbered 59,000 and transactions exceeded expectations in the first month of operation.

Term Savings and Registered Retirement Savings Plans – Due to a more stable rate environment, fixed term deposits increased 11% compared to 6% in 1982. Cashable term deposits declined 26%.

Registered retirement savings plan growth was again excellent. The investment of over 254,000 participants now totals $2.5 billion.

Large screen terminal installation for all branches and conversion of R.R.S.P.'s and term certificates to the new data entry system was completed. Mechanization greatly reduced paper flow and improved customer service in important areas such as enquiries and tax receipts.

Registered home ownership savings plan balances increased 3% compared to 14% in 1982. Growth was constrained by legislative changes permitting withdrawals and new "topping up" provisions.

Credit Card Services – Substantial progress was made in 1983, reducing overall credit card pre-tax losses by 48% from $2.5 million in 1982 to $1.3 million. Strategies undertaken towards achieving profitability in 1984 included launching an aggressive campaign to convert merchants and others to process MasterCard sales through Canada Trust.

As of December 31, over 5,500 merchants were making MasterCard deposits at branches. Annualized sales are approximately $140 million.

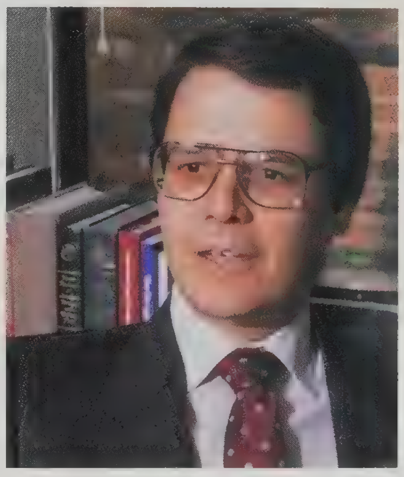
To increase profitable card usage, the MasterCard interest rate was reduced to an industry low 18.45% and a $1.00 monthly administration fee, which declines with interest paid, was introduced. Cardholders were successfully encouraged to transfer balances at higher rates on other credit cards to Canada Trust MasterCard by means of "special cheques". Interest-bearing receivables grew by $6.8 million from 57% to 61% of outstandings.

Bad debt and fraud losses were contained to $0.7 million. The loss ratio of 0.40% of gross sales continued below industry standards.

In September Canada Trust MasterCard became the first financial card in Canada to offer travel accident insurance. Automatic coverage with a maximum benefit of $100,000 is provided at no cost to the purchaser when travel tickets are charged to the card.

"Productivity improvements resulted from such initiatives as centralizing mortgage administration."

Bob Morneau
Southwestern Ontario



"Improvements to the pension trust computer system provide a diversity of customer information."

Murray Tonge
Pension Trust

"Year one in the MasterCard merchant business was a resounding success."
Sean McNamara
Credit Card Services

"Pension trust assets committed to equities were more than double the 1982 level."
Bruce Hartman
Equity Investments

Agreement was reached with Japan's leading credit card JCB, to act as agent in arranging acceptance of their card with retailers throughout Canada. Over 30% of approximately 300,000 Japanese travelling in Canada each year carry JCB. The impact of this agreement will become significant in future years as usage increases.

TRUST AND CORPORATE SERVICES

Personal Trust Services – In 1983 a 36% increase was achieved in acquisition of new business as measured by first year fees. Steady increase in volume of assets administered has contributed to a 6% rise in revenue. Simultaneous tight control of expenses has maintained the service as a positive contributor to corporate net earnings.

In keeping with a policy of continuously upgrading client service, in mid-1984 an improved statement will be introduced.

On October 1, federal government sponsored Indexed Security Investment Plans (I.S.I.P.) came into being. The plans were designed to provide a measure of protection from tax on the inflationary gain of securities held therein. Canada Trust I.S.I.P.'s were made available on October 1.

Pension Trust Services – Fee revenue increased 11% to reach $13.3 million. Revenue growth was augmented in large measure by new appointments which generated $0.3 million in first year fees. Total assets under administration increased by 22% to reach $8.2 billion.

Several initiatives were undertaken. Electronic funds transfer was introduced, enabling benefit payments to be deposited directly into pensioners' accounts. At the sponsor level, a computer inquiry terminal program was launched for a major client. Inquiry terminals afford direct and immediate access to account information. Client securities lending was implemented.

Corporate Trust Services – Marketing efforts produced record new appointments. Brisk trading activity on stock markets saw a new high volume of share certificates processed during the year. Revenue showed a highly satisfactory gain of 19%.

A major project was undertaken two years ago to develop a national network of on-line direct data entry terminals. The system is now fully operational and offers current technology and enhanced cost control to both existing and new clients.

DATA RESOURCES

Systems development is focused on upgrading to a common technical base for future flexibility and improved productivity. Projects included further implementation of direct data entry through branch terminals for R.R.S.P., corporate trust and corporate loans services.

Key activities in computer operations included 24 hour a day seven day a week on-line service to support JohnnyCash electronic banking machines and completion of side counter terminalization.

Terminals were installed in offices of executive and senior management who became active users of electronic mail and information systems. Personal computers were likewise introduced as part of an ongoing strategy to improve end-user computing capability and productivity. A long range plan to provide word processing in all major centres was completed.

PLANNING

Action plans in 1984 will continue to emphasize productivity and improved competitive position with execution supported by a fully integrated effort from the branch network, product management, systems, marketing and human resources.

Objectives for earnings growth, expense control and increased market share drive the planning process. Resources are allocated in order of priority against the background of corporate strategies.

Several key objectives for 1984 appear on page 6. Performance against 1983 objectives noted in the 1982 annual report is shown on pages 4 and 5.

MARKETING SERVICES

Planning, strategy setting and execution of marketing effort is a completely integrated process with executive, regional, product and marketing services management working in concert.

Challenges of the competitive and economic environment were aggressively met in 1983.

Positive market reaction to initiatives was evident in business produced as a result of major merchandising campaigns for new, relocated and renovated branches, savings accounts, R.R.S.P.'s, Johnny-Cash, Canada Savings Bonds, MasterCard, loans and mortgages. Other projects supported sales forces in marketing merchant MasterCard business, investment and trust services.

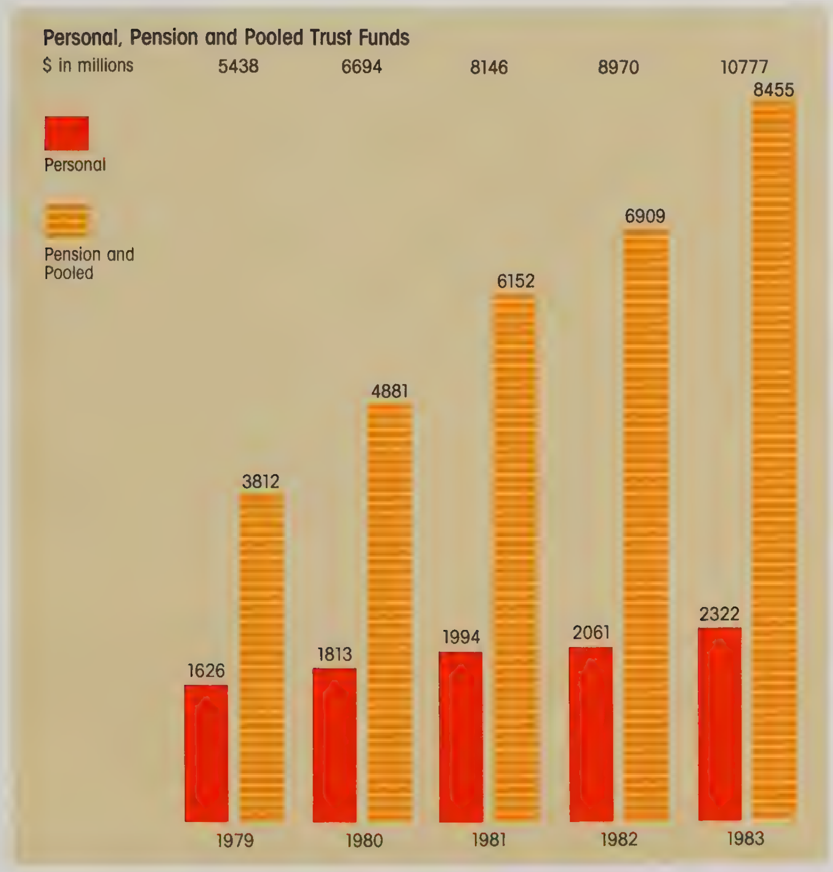
Ongoing research helped evaluate current strategies and plan future direction.

HUMAN RESOURCES

Significant effort was expended to upgrade a computerized information system which permits keeping pace with ever-increasing needs for employee-related data.

Ongoing compensation studies resulted in selective mid-year salary adjustments to maintain competitive position. In an environment requiring continued prudence and restraint, compensation programs placed special emphasis on pay-for-performance.

Training and development efforts continued to focus on optimum utilization of new technology. A formalized analysis of training needs will enable allocation of resources to more effectively meet individual and corporate needs. Employee participation in customer service, management skill development and branch administration training programs continues to be high, with the key objective being improved quality of service.

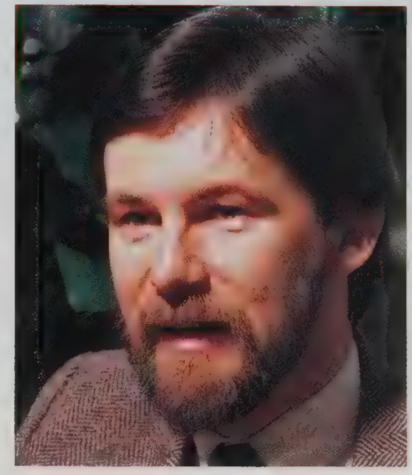


ORGANIZATION

Senior management appointments during 1983 were:

Vice-Presidents
James T. Lindores
Savings Services
Duncan F. Tilly
Human Resources
Gwyn E. Williams
London Main

Assistant Vice-Presidents
Ronald S. Clayton
Edmonton Main
W. Robert DeCelles
Quebec
J. Douglas Gibbings
Design & Construction
David W. James
Winnipeg Main
Robert B. James
Corporate Business Development, Metropolitan Toronto Region
M. Suellen Levi
Pacific Region
J. Rory MacDonald
Personal Trust Services
D. Eric MacMillan
Southwestern Ontario Region
Donald W. Nichol
Metropolitan Toronto Region
Donald E. Park
Advertising
Donald W. Snyder
Atlantic Region
W. Lindsay Somerville
Vancouver Main
William C. Thornhill
Financial Administration
John A. Whaley
General Counsel
Michael D. Woeller
Planning and Information Services



"Several major retail campaigns were highly successful."
Don Park
Advertising

"Edmonton expansion plans proceeded on schedule with three new branches opening."
Ron Clayton
Edmonton Main

"Stronger integration of profit planning, operational planning and management information was accomplished."
Mike Woeller
Planning

"A new personal trust training program contributed to improved selling skills."
Steve Merrill
Hamilton Main

THE YEAR AHEAD

The economic recovery is entering its second year exhibiting considerable strength. Gross national product has expanded faster than most had expected. Significant progress has been made with reduction in inflation; again far better than most had thought possible. Equity markets and corporate profits are strong.

If real gross national product is to expand at a reasonable rate of four to five per cent, capital spending will have to provide much of the momentum. For this to be accomplished a lower interest rate structure than presently exists must prevail.

Real rates of interest – that is, the nominal rate of interest minus the inflation rate – are presently higher than at any time in several decades, and this despite the fact that debt markets have been relieved of pressures by the buoyant stock market.

High federal deficits in both the United States and Canada appear to be major impediments to lower interest rates. Linkage between high deficits and high interest rates exists because deficits at federal and provincial levels absorb an ever larger proportion of net private savings, consume an ever more sizeable share of funds raised in credit markets and rekindle broadly held fears that inflation could once again come roaring back.

If the current recovery is to endure beyond the first half of 1984, interest rates must come down and this will require bringing order to the federal budgetary process.

There are some signs of belated recognition of the problem by our various governments. One can only hope this will be translated into positive action because the need is critical if confidence in the economy is to continue to grow and thus reverse the adverse psychology of the marketplace. This is a necessary precondition to permit both nominal and real rates of interest to decline somewhat. However, elections are on the horizon both in Canada and the United States and political decisions to stimulate each of those economies may well be the order of the day. It is probably unrealistic meanwhile to expect any really meaningful effort to correct the deficit problem.

On balance, inflation and interest rates will likely stay in their present ranges during 1984 and the economic recovery will continue at a worthwhile pace, with consumer confidence and expenditures continuing to improve.

Given a reasonable approximation of this scenario, 1984 should be another year of significant growth in both earnings and financial strength for Canada Trustco.

Arthur H. Mingay
Chairman of the Board and the Executive Committee

Mervyn L. Lahn
President and Chief Executive Officer

January 24, 1984
London, Canada

CANADA TRUSTCO MORTGAGE COMPANY

CONSOLIDATED STATEMENT OF EARNINGS, *year ended December 31*

	1983	1982	% Increase (Decrease)
Investment income			
Short term notes	$ 138,659,000	$ 205,541,000	(33)
Bonds and debentures	107,101,000	75,750,000	41
Stocks	35,008,000	36,251,000	(3)
Mortgages	576,095,000	606,474,000	(5)
Corporate term loans	84,283,000	112,206,000	(25)
Financial institutions loans	52,659,000	79,515,000	(34)
Consumer and personal loans	43,381,000	51,485,000	(16)
Collateral loans	22,466,000	28,502,000	(21)
Net real estate investment properties	10,446,000	7,425,000	41
Equipment leases	3,388,000	2,089,000	62
	1,073,486,000	1,205,238,000	(11)
Interest on deposits			
Demand	250,284,000	361,344,000	(31)
Cashable term	63,167,000	133,328,000	(53)
Term	552,646,000	549,280,000	1
	866,097,000	1,043,952,000	(17)
Net investment income	207,389,000	161,286,000	29
Provision for investment losses	10,000,000	15,000,000	(33)
Net investment income after provision for investment losses	197,389,000	146,286,000	35
Fees			
Personal trust	14,793,000	14,021,000	6
Pension and pooled trust funds	13,309,000	12,025,000	11
Corporate trust	9,314,000	7,845,000	19
Service	31,411,000	26,699,000	18
	68,827,000	60,590,000	14
Commissions			
Real estate sales	42,161,000	23,122,000	82
Real estate sales personnel	31,484,000	17,309,000	82
Net real estate sales commissions	10,677,000	5,813,000	84
Other income	2,221,000	2,321,000	(4)
Earnings before operating expenses	279,114,000	215,010,000	30
Operating expenses			
Salaries	93,246,000	87,361,000	7
Pension and other benefits	6,521,000	8,347,000	(22)
Occupancy	23,157,000	21,264,000	9
Computer, furniture and equipment	18,726,000	16,869,000	11
Communications	8,455,000	7,964,000	6
Stationery	4,762,000	4,670,000	2
Advertising	7,566,000	5,977,000	27
Insurance, commissions and fees	10,221,000	7,579,000	35
Provincial taxes on capital	2,714,000	2,550,000	6
Other	9,702,000	7,828,000	24
	185,070,000	170,409,000	9
Earnings before income taxes	94,044,000	44,601,000	111
Income taxes	30,068,000	4,294,000	600
Net earnings	$ 63,976,000	$ 40,307,000	59
Attributed to			
Preference shares non-convertible	$ 9,378,000	$ 9,015,000	4
Preference shares convertible		1,638,000	(100)
Common shares	54,598,000	29,654,000	84
	$ 63,976,000	$ 40,307,000	59
Net earnings per common share – basic	$ 5.40	$ 3.43	57
Net earnings per common share – fully diluted	$ 4.80	$ 3.22	49
Net earnings ratios			
To averaged			
Assets	.66%	.44%	
Common shareholders' equity – fully diluted	16.83%	12.70%	

See notes to consolidated financial statements commencing on page 26.

CONSOLIDATED STATEMENT OF CONDITION, *December 31*

	1983	1982	% Increase (Decrease)
ASSETS			
Investments			
Cash	$ 126,528,000	$ 110,120,000	15
Short term notes	1,439,258,000	1,381,030,000	4
	1,565,786,000	1,491,150,000	5
Securities			
Bonds and debentures			
Canada	621,624,000	531,390,000	17
Provincial	380,044,000	268,123,000	42
Corporate	56,851,000	42,713,000	33
	1,058,519,000	842,226,000	26
Stocks			
Preference	518,406,000	391,450,000	32
Common	47,641,000	25,608,000	86
	566,047,000	417,058,000	36
	1,624,566,000	1,259,284,000	29
Loans			
Mortgages			
Conventional	3,023,367,000	2,509,327,000	20
Conventional insured	900,681,000	1,037,166,000	(13)
National Housing Act	869,732,000	816,877,000	6
	4,793,780,000	4,363,370,000	10
Corporate term	799,275,000	802,836,000	
Financial institutions	503,495,000	551,803,000	(9)
Consumer and personal	360,755,000	312,587,000	15
Collateral	203,406,000	175,843,000	16
	6,660,711,000	6,206,439,000	7
Real estate investment properties	186,048,000	171,882,000	8
Receivables under equipment leases	50,773,000	26,674,000	90
Non-performing investments	33,111,000	29,970,000	10
Total investments	10,120,995,000	9,185,399,000	10
Land, premises and equipment	61,063,000	57,092,000	7
	$10,182,058,000	$9,242,491,000	10

Approved on behalf of the board

J.W. Adams, Director

M.L. Lahn, Director

A.H. Mingay, Director

See notes to consolidated financial statements commencing on page 26.

	1983	1982	% Increase (Decrease)
LIABILITIES			
Deposits			
Demand	$ 4,140,854,000	$3,563,405,000	16
Cashable term	641,305,000	872,276,000	(26)
Term	4,881,202,000	4,389,336,000	11
	9,663,361,000	8,825,017,000	9
Current income taxes	4,402,000		
Mortgages	11,172,000	14,002,000	(20)
Dividends	5,715,000	6,338,000	(10)
	21,289,000	20,340,000	5
Future income taxes	54,861,000	34,066,000	61
	9,739,511,000	8,879,423,000	10
SHAREHOLDERS' EQUITY			
Capital stock			
Preference shares	110,000,000	113,000,000	(3)
Common shares	21,137,000	18,966,000	11
	131,137,000	131,966,000	(1)
Contributed surplus	151,243,000	109,915,000	38
Retained earnings	160,167,000	121,187,000	32
	442,547,000	363,068,000	22
	$10,182,058,000	$9,242,491,000	10

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS
year ended December 31

	1983	1982
Balance beginning of year	$109,915,000	$ 87,429,000
Premium on issue of common shares	41,328,000	22,330,000
Net discount on preference shares series B purchased for cancellation and redemption		156,000
Balance end of year	$151,243,000	$109,915,000

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
year ended December 31

	1983	1982
Balance beginning of year	$121,187,000	$105,410,000
Net earnings	63,976,000	40,307,000
	185,163,000	145,717,000
Dividends on		
Preference shares series A	180,000	313,000
Preference shares series B		1,638,000
Preference shares series D	1,798,000	2,489,000
Preference shares series E	1,078,000	1,493,000
Preference shares series F	2,472,000	3,441,000
Preference shares series G	3,850,000	1,279,000
Common shares	15,473,000	13,146,000
	24,851,000	23,799,000
Expenses, net of income taxes, incurred on issue of shares	145,000	731,000
	24,996,000	24,530,000
Balance end of year	$160,167,000	$121,187,000

See notes to consolidated financial statements commencing on page 26.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL CONDITION
year ended December 31

	1983	1982
CASH DERIVED FROM		
Increase (decrease) in deposits		
Demand	$ 577,449,000	$ 525,454,000
Cashable term	(230,971,000)	(206,667,000)
Term	491,866,000	237,158,000
	838,344,000	555,945,000
Operations		
Net earnings	63,976,000	40,307,000
Future income taxes	20,795,000	2,748,000
Depreciation	10,627,000	6,154,000
Provision for investment losses	10,000,000	15,000,000
	105,398,000	64,209,000
Other		
Issue of shares	43,499,000	35,304,000
Current income taxes	4,402,000	
	47,901,000	35,304,000
	991,643,000	655,458,000
CASH APPLIED TO		
Increase (decrease) in investments		
Short term notes	58,228,000	396,484,000
Bonds and debentures	216,142,000	315,939,000
Stocks	148,989,000	(22,064,000)
Mortgages	429,153,000	(405,007,000)
Corporate term loans	(2,101,000)	158,607,000
Financial institutions loans	(48,308,000)	125,837,000
Consumer and personal loans	48,823,000	(31,885,000)
Collateral loans	27,563,000	(21,133,000)
Real estate investment properties	15,361,000	42,705,000
Receivables under equipment leases	24,099,000	(1,871,000)
Non-performing investments	(2,709,000)	21,860,000
	915,240,000	579,472,000
Dividends paid on		
Preference shares	10,577,000	9,590,000
Common shares	14,897,000	13,061,000
	25,474,000	22,651,000
Other		
Additions to land, premises and equipment	13,253,000	18,072,000
Net loss on disposal of investments, net of income taxes	15,293,000	11,443,000
Reduction of mortgage liability	2,830,000	10,075,000
Expenses, net of income taxes, incurred on issue of shares	145,000	731,000
Preference shares purchased for cancellation and redemption	3,000,000	2,740,000
	34,521,000	43,061,000
	975,235,000	645,184,000
INCREASE IN CASH	$ 16,408,000	$ 10,274,000

See notes to consolidated financial statements commencing on page 26.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

year ended December 31, 1983

1. Summary of significant accounting policies

(a) Consolidation
The financial statements include the accounts of Canada Trustco Mortgage Company and its subsidiary companies, The Canada Trust Company and Truscan Realty Limited.

(b) Investments
Investments, reduced by an allowance for investment losses where applicable, and investment income are stated as follows:

(i) Securities
Bonds and debentures are stated at amortized cost plus accrued interest and stocks are stated at cost plus accrued dividends.

(ii) Loans
Mortgages are stated at cost, which includes amounts advanced, interest capitalized and accrued, taxes and other charges, less repayments and unamortized mortgage discounts. Interest income is accrued on a daily basis and mortgage discounts are amortized over the term of the mortgage.

Corporate term, financial institutions, consumer, personal and collateral loans are stated at cost which includes amounts advanced and interest accrued on a daily basis, less repayments.

(iii) Real estate investment properties
Properties held for development and resale are stated at the lower of cost and estimated net realizable value while properties held as investments are stated at cost less accumulated depreciation. Cost includes all direct costs of development and construction including carrying costs such as interest, property taxes and net operating costs incurred during the development phase. Administrative overhead expenses are not capitalized.

Income is recognized on the sale of properties held for development and resale when all material conditions of the agreement have been fulfilled; a cash down payment equal to at least 15% of the sale price has been received, and in management's judgment the purchaser has the financial resources to complete the transaction. Rental income is recognized on investment properties commencing with the month during which a predetermined level of occupancy is attained subject to a reasonable maximum lease achievement period. Prior to such time net operating costs are capitalized as part of development and construction costs.

Depreciation on buildings is provided on a 5% 40 year sinking fund basis.

(iv) Receivables under equipment leases are stated at gross rentals receivable net of unearned income. Any gains resulting from the residual values of leased equipment are reflected in earnings only when realized.

(v) Non-performing investments are stated at an amount which does not exceed estimated net realizable value.

An allowance for investment losses is deducted from the applicable investment in the consolidated statement of condition. This allowance recognizes the historical trend of investment losses and existing economic conditions. Provision for investment losses, if any, is based on both the historical five year (including the current year) moving average ratio of losses to average investments and other factors which in management's judgment deserve recognition. Net gains or losses realized on disposal of investments (with the exception of properties held for development and resale) are recorded in this allowance and are reflected in the consolidated statement of earnings only to the extent of their effect on the annual provision, if any.

(c) Land, premises and equipment
Land, premises and equipment comprise assets used by the company in its daily operation. Land is stated at cost and premises and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful life of each asset at annual rates of 10% to 50% on leasehold improvements and equipment. Depreciation on buildings is provided on a 5% 40 year sinking fund basis.

(d) Fees and net commissions
Fees and net commissions are recorded as income when received.

(e) Pension plan
A contributory pension plan is available to substantially all employees after three months of continuous service. The cost of funding current service pension benefits is expensed as incurred. Unfunded liabilities or experience deficiencies which may occur are funded in accordance with actuarial recommendations and the required additional contributions are expensed as incurred.

(f) Net earnings per common share
Net earnings per common share - basic are calculated using the weighted average number of common shares outstanding, and the net earnings attributable to common shares.

Net earnings per common share - fully diluted are calculated on the assumption that all warrants and common share options outstanding at the end of the year had been exercised at the beginning of the year or at the date of issue if applicable. Net earnings, added to the amount otherwise available to common shares, are the imputed earnings on the cash exercise price of warrants and options, calculated at the company's average prime rate for the year less applicable income taxes.

(g) Foreign exchange
Foreign currency assets and liabilities are translated into Canadian dollars at year-end rates of exchange; income and expenses at the rate prevailing at the time of the transaction. Gains and losses on foreign currency transactions are included in service fees.

(h) Comparative figures
The comparative figures for 1982 have been reclassified to conform with the financial statement presentation adopted for 1983.

2. Capital stock

(a) Authorized and issued

	Number of shares		Amount (in thousands)	
	1983	1982	1983	1982
Cumulative redeemable preference shares, of $20 par value each, issuable in series				
Authorized	13,018,563	13,168,563	$260,371	$263,371
Issued				
Series A - 8¾%		150,000	$	$ 3,000
Series D - floating % retractable	1,250,000	1,250,000	25,000	25,000
Series E - floating % retractable	750,000	750,000	15,000	15,000
Series F - floating % retractable	1,750,000	1,750,000	35,000	35,000
Series G - 11% retractable	1,750,000	1,750,000	35,000	35,000
	5,500,000	5,650,000	$110,000	$113,000
Common shares of $2 par value each				
Authorized	20,000,000	20,000,000	$ 40,000	$ 40,000
Issued	10,568,549	9,483,019	$ 21,137	$ 18,966

(b) Terms of issue

(i) Preference shares
Each series of preference shares outstanding is subject to separate terms and conditions respecting redemption, retraction and purchase for cancellation, all of which require the prior consent of the Superintendent of Insurance of Canada. These terms and conditions together with dividend rates are summarized as follows:

Dividends
The dividend rate on series D, E and F is adjusted quarterly and, expressed on a per annum basis, is equal to the sum of (i) one half of the average bank prime rate and (ii) 1.25% in respect of series D and E and 1.125% in respect of series F. The dividend rate on series G is 11%.

Redemption
Series D
May 1, 1983 at $20.15 reducing to $20.00 at May 1, 1984 and thereafter.

Series E
Anytime at $20.00.

Series F
November 5, 1984 and thereafter at $20.00.

Series G
October 2, 1989 at $21.25 reducing annually by $0.25 to $20.00 at October 2, 1994 and thereafter.

Retraction

The following preference shares are retractable at the option of the holder as indicated:

Series D at $20.00 on April 1, 1987
Series E at $20.00 on April 1, 1988
Series F at $20.00 on February 14, 1992
Series G at $21.00 on September 29, 1989

Purchase for cancellation

Series D

The company may at any time or times, purchase shares for cancellation in the market or by invitation for tenders at a price not exceeding the redemption price, together with accrued dividends.

Series E and F

The company may at any time or times, purchase shares for cancellation in the market or by invitation for tenders at the lowest price at which shares are available in the opinion of the directors or the duly authorized officer or officers of the company.

Series G

During each year, commencing October 2, 1989, the company is obligated to make all reasonable efforts to purchase for cancellation 4% of the number of shares outstanding at September 29, 1989 at a price not exceeding $20.00 per share plus costs of purchase.

(ii) Common shares

The maximum number of shares that may be issued is 20,000,000, of which 2,695,080 have been reserved as follows:

For warrants outstanding	1,742,613
For dividend reinvestment plan	483,467
For employee purchase and option plans	469,000
At December 31, 1983, 20,900 shares are allocated to the trustee for the employee purchase plan. In addition, options to purchase 410,490 shares at prices ranging from $25.11 to $40.43 per share are outstanding. These are exercisable for 10 years with 10% becoming eligible in each year measured from date of granting. The maximum number of shares issuable under options at December 31, 1983 is 60,639. During the year options to purchase 1,820 shares were exercised.	
	2,695,080

The company is a constrained share company and as such the total number of shares that can be registered and voted by any one shareholder or associated shareholders is limited to 10% of the number of issued voting shares.

(c) Warrants

At December 31, 1983 warrants were outstanding to purchase 1,742,613 common shares at $26.00 per share (1982 – 1,749,900). The warrants are transferable and until expiry on October 2, 1987, permit the holders to purchase common shares by tendering the warrant and either $26.00 cash or one series G preference share and $5.00 cash for each common share. The company may at any time, for an ensuing 30 day period, reduce the cash portion of the latter option to $3.00.

(d) Changes in shareholdings and contributed surplus

Year ended December 31, 1983	Preference shares		Common shares		Contributed surplus
	Shares	Par value (in thousands)	Shares	Par value (in thousands)	(in thousands)
Balance beginning of year	5,650,000	$113,000	9,483,019	$18,966	$109,915
Preference shares					
Series A - cancelled	(150,000)	(3,000)			
Common shares – issued for cash					
Private placement			1,000,000	2,000	39,000
Employee purchase			20,773	41	758
Dividend reinvestment			16,533	33	600
Options exercised			1,820	4	42
Warrants exercised			46,404	93	928
Balance end of year	5,500,000	$110,000	10,568,549	$21,137	$151,243

Year ended December 31, 1982	Preference shares		Common shares		Contributed surplus
	Shares	Par value (in thousands)	Shares	Par value (in thousands)	(in thousands)
Balance beginning of year	5,237,356	$104,747	8,570,294	$17,141	$ 87,429
Preference shares					
Series A - cancelled	(50,000)	(1,000)			
Series B - cancelled	(77,946)	(1,559)			163
Series B - converted	(1,193,579)	(23,871)	899,858	1,800	22,051
Series B - redeemed	(15,831)	(317)			(7)
Series G - issued for cash	1,750,000	35,000			
Common shares - issued for cash					
Employee purchase			12,687	25	274
Options exercised			80		2
Warrants exercised			100		3
Balance end of year	5,650,000	$113,000	9,483,019	$18,966	$109,915

The weighted average number of common shares outstanding during 1983 was 10,116,799 (1982 - 8,657,758).

3. Securities

	1983 Stated value	1983 Market value	1982 Stated value	1982 Market value
	(in thousands)			
Bonds and debentures				
Canada	$ 621,624	$ 633,723	$ 531,390	$ 550,288
Provincial	380,044	380,930	268,123	269,809
Corporate	56,851	52,290	42,713	38,114
	1,058,519	1,066,943	842,226	858,211
Stocks				
Preference	518,406	519,084	391,450	370,182
Common	47,641	55,892	25,608	25,212
	566,047	574,976	417,058	395,394
	$1,624,566	$1,641,919	$1,259,284	$1,253,605

4. Non-performing investments

These consist of loans placed on a non-accrual status, corporate term loans on which a rate reduction has been negotiated and real estate acquired in settlement of loans. In cases where there is doubt as to collection of either principal or interest, loans are classified as non-accruing and thereafter, revenue is taken into earnings only as collected. Experience indicates that a substantial percentage of non-performing investments is realized over time without material capital loss.

	1983 (in thousands)	1983 % of portfolio	1982 (in thousands)	1982 % of portfolio
Non-accruing loans				
Conventional mortgages	$16,943	0.56	$21,245	0.85
Corporate term	7,500	0.94	13,875	1.73
Consumer and personal	1,217	0.34	2,075	0.66
Collateral	1,044	0.51	1,481	0.84
	26,704	0.40	38,676	0.62
Reduced rate corporate term loans	5,000			
Real estate acquired in settlement of loans	9,888		5,625	
	41,592		44,301	
Applicable portion of allowance for investment losses	8,481		14,331	
	$33,111		$29,970	

5. Allowance for investment losses

	1983	1982
	(in thousands)	
Balance beginning of year		
Tax allowed	$	$ 1,669
Tax paid	35,330	30,104
	35,330	31,773
Provision charged to earnings	10,000	15,000
Investment gains (losses)	(15,293)	(11,443)
	(5,293)	3,557
Balance end of year - tax paid	$30,037	$35,330

Investment gains (losses)

	1983			1982
	Gains (losses)	Income taxes	Net	Net
	(in thousands)			
Bonds and debentures	$ 544	$ (284)	$ 260	$ 1,232
Stocks	(181)	(257)	(438)	5,661
Loans, net of recoveries of $494 (1982 - $459)				
Mortgages	(4,667)	1,185	(3,482)	(3,381)
Corporate term	(12,681)	3,220	(9,461)	(13,428)
Consumer and personal	(1,689)	429	(1,260)	(1,742)
Collateral	(1,014)	258	(756)	(233)
	(20,051)	5,092	(14,959)	(18,784)
Real estate investment properties	(167)	11	(156)	448
Investment gains (losses)	$(19,855)	$4,562	$(15,293)	$(11,443)

6. Real estate investment properties

(a) Cost and net depreciated values

	1983			1982
	Cost	Accumulated depreciation	Net	Net
	(in thousands)			
Properties held for development and resale				
Land	$ 40,780	$	$ 40,780	$ 34,967
Buildings	11,223	326	10,897	11,702
	52,003	326	51,677	46,669
Properties held as investments				
Land	29,430		29,430	28,718
Buildings	115,584	10,643	104,941	96,495
	145,014	10,643	134,371	125,213
	$197,017	$10,969	$186,048	$171,882

(b) Net real estate investment properties income

	1983	1982
	(in thousands)	
Property sales	$ 6,897	$ 1,148
Cost of property sales	6,103	1,635
	794	(487)
Rental income	17,695	13,516
Maintenance	6,899	4,929
	10,796	8,587
Net income before depreciation	11,590	8,100
Depreciation	1,144	675
	$10,446	$ 7,425

7. Land, premises and equipment

(a) Cost and net depreciated values

	1983			1982
	Cost	Accumulated depreciation	Net	Net
	(in thousands)			
Land	$ 5,896	$	$ 5,896	$ 4,805
Buildings	23,321	4,937	18,384	17,293
Leasehold improvements	21,711	9,488	12,223	11,825
Computers, furniture and equipment	36,826	12,771	24,055	22,639
Automobiles	914	409	505	530
	$88,668	$27,605	$61,063	$57,092

(b) Occupancy expense

	1983	1982
	(in thousands)	
Rent	$ 8,975	$ 7,874
Maintenance	11,663	11,442
Depreciation	3,449	2,634
	24,087	21,950
Rental income	930	686
	$23,157	$21,264

(c) Computer, furniture and equipment expense

	1983	1982
	(in thousands)	
Rent	$11,470	$12,602
Maintenance	1,222	1,422
Depreciation	6,034	2,845
	$18,726	$16,869

(d) The aggregate minimum rentals payable under premises and equipment leases in effect at December 31, 1983 are as follows for each of the periods shown:

	Premises	Equipment	Total
	(in thousands)		
1984 - 1988	$36,770	$12,321	$49,091
1989 - 1993	17,054		17,054
1994 - 1998	5,758		5,758
thereafter	1,336		1,336

8. Income taxes

Income taxes recorded in the financial statements

	1983	1982
	(in thousands)	
Consolidated statement of earnings	$30,068	$4,294
Consolidated statement of retained earnings	(145)	(531)
Allowance for investment losses	(4,562)	(1,015)
	$25,361	$2,748
Income taxes provided - current	$ 4,566	$
- future	20,795	2,748
	$25,361	$2,748

Reconciliation of statutory and effective rates of income tax on earnings

	1983		1982	
	Amount	Rate	Amount	Rate
	(in thousands)		(in thousands)	
Earnings before income taxes	$94,044		$44,601	
Income taxes at statutory federal and provincial rates	$47,680	50.7%	$22,880	51.3%
Increase (decrease) from statutory rates				
Tax exempt investment income	(17,714)	(18.8)	(18,882)	(42.3)
Other items	102	.1	296	.6
Income taxes reported	$30,068	32.0%	$ 4,294	9.6%

At December 31, 1983 tax losses of $22,452,000 have accumulated which, under current tax legislation, can be used to offset taxable income, if any, for up to five years following the year of loss. Generally accepted accounting principles allow accounting recognition of the tax loss carry forward through the future income taxes account as long as it is virtually certain the tax loss carry forward will be used.

Certain items of income and expense are recognized in time periods different for financial reporting than for income tax purposes. Full provision for income taxes is made in the consolidated statement of earnings using the tax allocation method and income taxes related to the following items are recorded in future income taxes in the consolidated statement of condition.

	1983	1982
	(in thousands)	
Taxes applicable to:		
Excess of special mortgage reserve claimed over amount provided	$28,724	$27,333
Excess of capital cost allowance claimed over depreciation provided	23,906	20,237
Tax loss carry forward	(11,128)	(23,953)
Other items - net	13,359	10,449
	$54,861	$34,066

9. Service fees

	1983	1982
	(in thousands)	
Demand deposits	$11,333	$10,225
Loans	7,028	4,768
MasterCard	2,663	1,530
Foreign exchange	2,238	1,832
Canada savings bonds	4,513	5,163
Other	3,636	3,181
	$31,411	$26,699

10. Other expense

	1983	1982
	(in thousands)	
Travelling	$1,691	$1,141
Employee training and development	3,150	2,387
Non-investment losses	1,538	1,935
Charitable contributions	462	423
Miscellaneous	2,861	1,942
	$9,702	$7,828

11. Segmented information

Operations consist of the following segments:

(a) Intermediary: investment of depositors' and shareholders' funds in income producing assets together with other revenue from a variety of financial services.

(b) Fiduciary: administration of personal and pension trust assets and acting as stock transfer agent and bond trustee for corporate clients.

(c) Net real estate sales: listing and selling of residential, commercial and industrial real estate.

Contribution to earnings represents segment income less direct and allocated expenses based on cost allocation methods believed to be reasonable. Policy is to price inter-segment transactions below market value. These are insignificant in amount and are applied to reduce segment expense. Owned building operations have been included in the intermediary segment and rents have been charged to remaining segments for their share of operating costs. Leasehold and equipment costs have been allocated to segments based on their proportionate use.

	1983			1982		
	Income	Contribution to earnings - pre-tax	%	Income	Contribution to earnings - pre-tax	%
	(in thousands except percentages)					
Intermediary	$1,097,118	$86,788	92	$1,219,258	$40,931	92
Fiduciary	37,416	6,967	8	33,891	6,506	14
Net real estate sales	10,677	289		5,813	(2,836)	(6)
	$1,145,211	$94,044	100	$1,258,962	$44,601	100

12. Investment commitments

Outstanding commitments for future investments are $638,637,000 at December 31, 1983 (1982 - $455,867,000).

13. Pension plan

The actuarial valuation as of December 31, 1982 indicated no unfunded liability (1981 - $1,746,000). The plan had assets at market value of $82,820,000 as of December 31, 1983 (1982 - $70,089,000).

Total contributions by the company in 1983 were $1,137,000 (1982 - $4,333,000). Contributions are included in pension and other benefits expense.

14. Remuneration of directors and senior officers

Senior officers serving as directors do not receive directors' fees. The aggregate direct remuneration, including the cost of all pension benefits, paid or payable to directors and senior officers was as follows:

	1983		1982	
	Number	Amount	Number	Amount
Directors	27	$ 246,000	35	$ 256,000
Senior officers	29	3,644,000	28	2,717,000
	56	$3,890,000	63	$2,973,000

15. Related party transactions

Transactions with related parties are on terms equivalent to those with unrelated parties and in total are not material.

AUDITORS' REPORT

To The Shareholders of
Canada Trustco Mortgage Company

We have examined the consolidated statement of condition of Canada Trustco Mortgage Company as at December 31, 1983 and the consolidated statements of earnings, retained earnings, contributed surplus and changes in financial condition for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial condition of the company as at December 31, 1983 and the results of its operations and changes in its financial condition for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Riddell

January 24, 1984
London, Canada

Thorne Riddell
Chartered Accountants

"Every branch now has instant access to interest rate changes through electronic media."

Bill Thornhill
Financial Administration

FINANCIAL REPORTING RESPONSIBILITY

Management is responsible for preparing financial statements and ensuring that all information in the annual report is consistent with these statements. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with generally accepted accounting principles in Canada. The statements and supplementary financial information conform in all material respects with international accounting standards.

Systems of internal control are maintained to provide reasonable assurance of the reliability of financial information and the safety of all assets controlled by the company. These systems include the communication of policies and standards of business conduct throughout the organization to prevent conflicts of interest and unauthorized disclosure of financial information. Internal controls are reviewed and evaluated by extensive internal audit programs which are subject to scrutiny by shareholders' auditors.

The federal department of insurance conducts an annual examination of the company's affairs to ensure it operates within the provisions of governing legislation and that the interests of depositors and the public are safeguarded.

Ultimate responsibility for financial statements to shareholders rests with the board of directors. An audit committee of non-management directors is appointed by the board to review financial statements in detail with management and to report to directors prior to their approval of the financial statements for publication.

Thorne Riddell, shareholders' auditors, review the financial statements in detail and meet separately with both audit committee and management to review their findings, including the fairness of financial reporting and the adequacy of internal controls. Shareholders' auditors report directly to shareholders and their report appears on the preceding page.

M.L. Lahn
President and Chief Executive Officer

J.L. Doran
Vice-President-Comptroller

January 24, 1984
London, Canada

QUARTERLY ANALYSIS OF NET EARNINGS

(in thousands except percentages and net earnings per common share-fully diluted)

Quarter	Taxable equivalent basis: Interest rate differential	Taxable equivalent basis: Net investment income	Fees and net commissions	Operating expenses	Operating expenses to average assets	Net earnings	Net earnings per common share - fully diluted	Net earnings to average assets	Net earnings to common shareholders' average equity - fully diluted
1st	1.55%	$ 24,256	$ 9,747	$ 23,302	1.76%	$ 5,404	$ .56	$ .41	10.47%
2nd	1.76	27,640	8,178	23,717	1.68	6,327	.68	.45	12.35
3rd	1.63	27,545	9,020	24,026	1.59	6,485	.69	.43	12.50
4th	1.25	24,674	9,818	22,739	1.44	6,206	.61	.39	11.04
1979	1.54	104,115	36,763	93,784	1.62	24,422	2.54	.42	11.54
1st	1.11	23,644	12,117	27,218	1.66	4,274	.35	.26	6.58
2nd	1.30	27,456	9,877	27,789	1.59	5,315	.48	.30	8.62
3rd	1.66	34,585	11,351	28,882	1.58	8,607	.86	.47	14.94
4th	1.81	39,009	10,582	30,926	1.66	9,995	1.03	.54	17.57
1980	1.48	124,694	43,927	114,815	1.62	28,191	2.72	.40	11.95
1st	1.40	34,029	15,549	35,266	1.80	7,280	.71	.37	12.05
2nd	1.48	37,722	13,100	36,305	1.76	7,432	.70	.37	11.57
3rd	.94	28,755	12,889	36,540	1.69	2,667	.13	.12	2.60
4th	1.26	37,170	16,566	36,920	1.71	11,305	.99	.52	16.02
1981	1.27	137,676	58,104	145,031	1.74	28,684	2.53	.34	10.52
1st	1.31	36,779	18,270	42,078	1.93	6,288	.44	.29	7.16
2nd	1.59	43,824	14,561	41,971	1.87	7,924	.64	.35	10.29
3rd	1.87	51,851	15,054	42,229	1.83	11,789	1.00	.51	15.90
4th	2.47	65,381	18,518	44,131	1.90	14,306	1.14	.62	16.78
1982	1.81	197,835	66,403	170,409	1.88	40,307	3.22	.44	12.70
1st	2.04	53,431	21,851	45,269	1.95	13,798	1.06	.60	15.94
2nd	2.13	57,806	18,941	45,458	1.90	14,504	1.09	.60	15.83
3rd	2.23	62,146	18,637	45,657	1.85	16,468	1.22	.67	16.49
4th	2.49	68,686	20,075	48,686	1.96	19,206	1.43	.77	18.87
1983	2.23	242,069	79,504	185,070	1.91	63,976	4.80	.66	16.83

INTEREST RATE SENSITIVITY MANAGEMENT

Key to earnings performance is net investment income – the difference between income earned on investments and interest paid on deposits. Generally earnings increase as the differential widens and decrease as it narrows. Differential is influenced strongly by investment and deposit sensitivity to interest rate changes. Investments and deposits are nominally categorized as "float rate" or "fixed rate". With the former, rates can change at any time; with the latter they remain constant until maturity. In periods of high interest rate volatility, the amount earned on float rate investments changes rapidly while that earned on fixed rate investments changes slowly.

The objective of interest rate sensitivity management is to avoid significant interest rate risk. This is accomplished by matching investments and deposits by interest rate sensitivity. Basic strategy is to match combined float rate and short term fixed rate deposits to like investments and long term fixed rate investments to long term investment certificates and other deposits.

A comprehensive information system monitors and analyzes interest rate sensitivity. The corporate investment policy committee sets policy, monitors overall performance and approves matching and mismatching objectives.

Matching at One Year

One year is the principal measurement period for interest rate sensitivity. A mismatch therein could affect earnings over the next 12 months unless appropriate steps are taken. A surplus of deposits over investments means repricing more deposits than investments. In periods of rising interest rates this usually means deposit costs increase faster than return on assets, and profits could decline. Conversely, if interest rates fall, earnings could improve.

Short Term Matching

While the primary matching measure is at the one year level, substantial deposits are interest rate sensitive over a much shorter period. In recent years approximately two-thirds of all deposits have been interest rate sensitive within one year, more than half of these within one month. This is due largely to most deposits originating from individuals.

1. Under One Year Mismatch

	1983	1982	1981	1980	1979
			(in millions)		
Surplus (deficiency) Investments interest sensitive less comparably sensitive deposits					
Float rate	$(1,531)	$ (979)	$ (876)	$ (869)	$ (919)
Fixed rate	1,430	590	342	(197)	(56)
Net mismatch	$(101)	$ (389)	$ (534)	$(1,066)	$ (975)
Total investments	$10,019	$9,074	$8,486	$ 7,474	$6,303
Mismatch to total investments	1.0%	4.3%	6.3%	14.3%	15.5%

Chart 1

Deposits and other liabilities rate sensitive within one year exceeded like investments for many years. In 1981 and 1982 the impact of interest rate volatility was reduced by bringing investment and deposit volumes into closer balance. Current strategy manages any mismatch within prescribed limits, while improving overall interest rate differential.

Chart 2

Investments, deposits and capital adjusted to exclude accrued income and expense are summarized below. Investments and deposits are split into two interest rate sensitive groupings – less than one year and more than one year. The balance of investments over deposits is funded by permanent capital.

2. Investments and Deposits by Interest Sensitivity

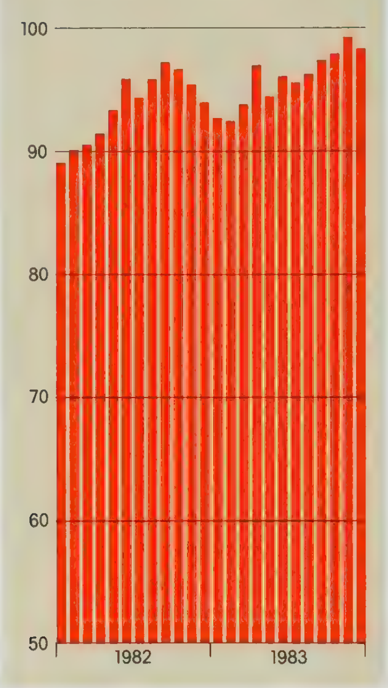
	1983				1982			
	Under 1 Year Floating rate	Under 1 Year Fixed rate	Over 1 year	Total	Under 1 Year Floating rate	Under 1 Year Fixed rate	Over 1 year	Total
				(in thousands)				
Investments								
Cash and short term investments	$	$ 1,552,222	$	$1,552,222	$ 85,974	$1,382,647	$	$1,468,621
Securities	725,720	272,058	598,307	1,596,085	426,721	254,055	554,186	1,234,962
Loans	1,737,430	2,547,736	2,349,098	6,634,264	1,961,959	2,022,133	2,187,750	6,171,842
Other	25,946	11,749	198,688	236,383		10,482	187,781	198,263
	2,489,096	4,383,765	$3,146,093	$10,018,954	2,474,654	3,669,317	$2,929,717	$9,073,688
Deposits								
Demand	3,944,710	142,913	$	$4,087,623	3,378,441	119,251	$	$3,497,692
Cashable term and term		2,811,261	2,492,638	5,303,899		2,960,412	2,084,542	5,044,954
	3,944,710	2,954,174	2,492,638	9,391,522	3,378,441	3,079,663	2,084,542	8,542,646
Non-convertible preference shares	75,000		35,000	110,000	75,000		38,000	113,000
	4,019,710	2,954,174	$2,527,638	$9,501,522	3,453,441	3,079,663	$2,122,542	$8,655,646
Surplus (deficiency) rate sensitive investments	$(1,530,614)	$ 1,429,591			$ (978,787)	$ 589,654		

"Careful planning helped increase net interest rate differential."
Tom Gunn
Asset-Liability Management

Chart 3

Matching fluctuates monthly. The under one year mismatch ranged from $525.7 million to $57.1 million during 1983. The matching index (per cent of under one year interest sensitive investments to deposits) moved between 92.0% and 99.2%, compared to 89.3% and 97.4% in 1982.

3. Under One Year Matching Index Investments to Deposits – %



6. Interest Rate Sensitivity One and Three Months – %

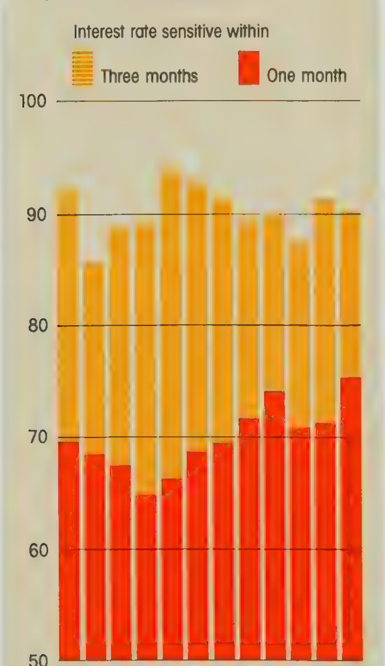


Chart 4

Investment, deposit and capital volumes interest rate sensitive at various periods within one year are shown for year-end 1983 and 1982.

4. Interest Rate Sensitivity Within One Year (in millions)

	1983			1982		
Period	Investments	Deposits	Mismatch	Investments	Deposits	Mismatch
Float rate and fixed rate combined						
Within 1 month	$3,573	$4,754	$(1,181)	$2,851	$3,958	$(1,107)
Between 1 and 3 months	1,130	451	679	1,157	780	377
Between 3 and 6 months	997	692	305	1,029	639	390
Between 6 months and 1 year	1,173	1,077	96	1,107	1,156	(49)
	$6,873	$6,974	$(101)	$6,144	$6,533	$(389)
Cumulative						
Within 1 month	$3,573	$4,754	$(1,181)	$2,851	$3,958	$(1,107)
Within 3 months	4,703	5,205	(502)	4,008	4,738	(730)
Within 6 months	5,700	5,897	(197)	5,037	5,377	(340)
Within 1 year	6,873	6,974	(101)	6,144	6,533	(389)
Investments as a percentage of deposits (cumulative basis)						
Within 1 month			75.2%			72.0%
Within 3 months			90.4			84.6
Within 6 months			96.7			93.7
Within 1 year			98.6			94.0

Chart 5

A key strategy matches combined float rate and short term fixed rate deposits to combined float rate investments and money market instruments. These investments were 96.7% of like deposits at year-end 1983, compared with 92.1% and 76.5% in 1982 and 1981.

Matching short term fixed rate and float rate deposits on a composite basis reflects both corporate policy on interest rate sensitivity management and government legislation. In the latter case, float and fixed rate investment mix is indirectly limited by the quality asset test and statutory liquidity requirements. Liquidity management is discussed on page 35.

5. Composition of Short Term Interest Rate Sensitive Investments and Deposits

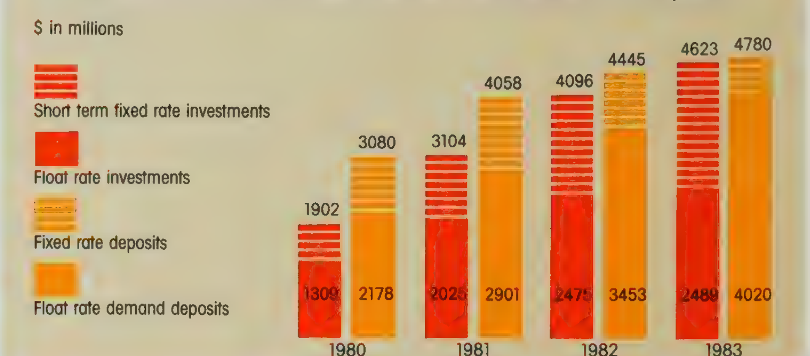


Chart 6

Investment volumes interest rate sensitive within one and three months are shown as a percentage of like deposits. Substantially more deposits than investments were sensitive to interest rate changes within one month during 1983. This was primarily due to differences in float rate investment and deposit composition. Virtually all float rate deposits are savings accounts on which the interest rate can change at any time. However, while most float rate investments carry an interest rate that is based on prime and can change without notice, a significant portion change with a time lag or are dependent on factors other than the prime lending rate. The net result is a current mix of float rate investments that responds less quickly to changes in interest rates than do float rate deposits. This is partially offset by short term fixed rate money market investments.

Chart 7

Float rate investments grew $14 million compared with $450 million in 1982.

Demand for float rate credit from institutional and corporate customers was much slower than previous years, and significant corporate loan repayments took place. Offsetting this was an increase in float rate preference shares and government debt.

The average float rate corporate investment, excluding commercial mortgages but including all other non-personal instruments, was $16 million at December 31, 1983.

Size of Loan	Number	Amount (in millions)
Less than $10 million	52	$ 179
$10 to $25 million	33	478
$25 to $50 million	16	446
Greater than $50 million	12	730
	113	$1,833

“JohnnyCash electronic cash dispensers were a big hit in their first appearance.”
Eric MacMillan
Southwestern Ontario

7. Composition of Float Rate Investments

	1983	1982
	(in millions)	
Canadian government direct and guaranteed debentures	$ 388	$ 174
Canadian banks direct and guarantees		
schedule A	305	294
schedule B	117	114
Other financial institutions	72	217
Corporate loans and debt securities	618	726
Preference shares	333	248
Mortgages	314	411
Secured personal loans	120	95
Other	222	196
	$2,489	$2,475

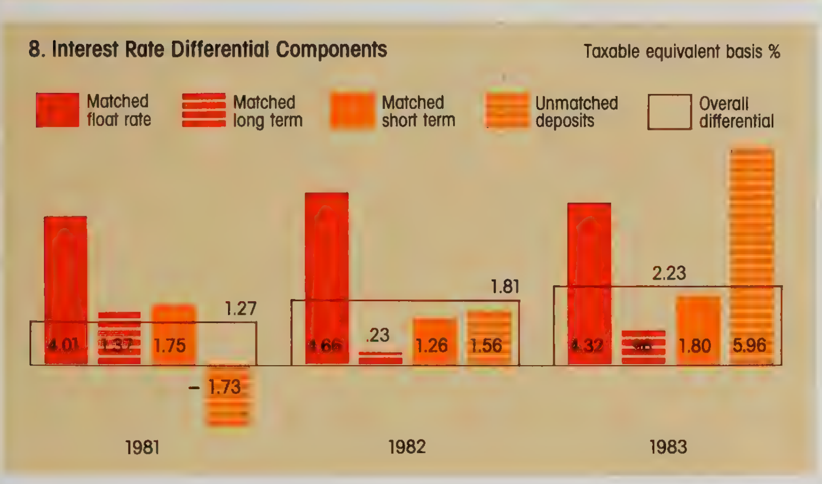
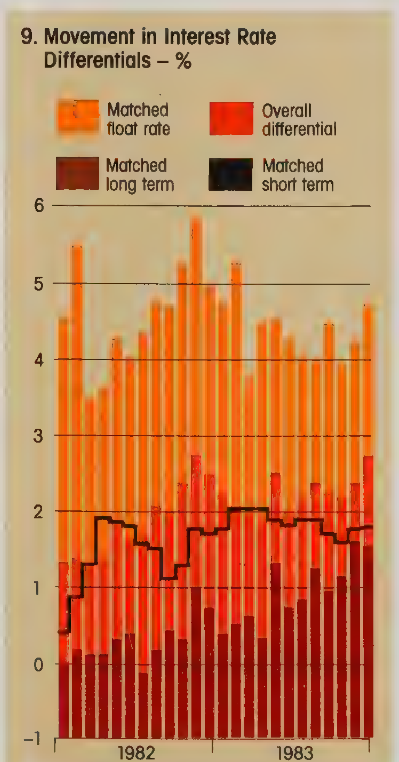


Chart 8

Average annual interest differential from various classes of matched and unmatched deposits is illustrated here. Lower average interest rates and return to a more normal yield structure resulted in considerable widening of the differential on unmatched deposits. This was reflected in interest rate sensitivity management strategy during the year. Differential on long term fixed rate deposits improved substantially, but continued below target levels. Action taken will ensure further improvement.

Chart 9

Chart nine shows changes in various matching differentials on a taxable equivalent basis. Above average differential on matched short term fixed rate contributed significantly to the overall improvement in 1983. Slow but steady widening of long term fixed rate differential is also evident.



"Electronic deposit of dividends and interest to savings accounts reduced cheque and postage costs."
Don MacDonald
Corporate Trust

INTEREST RATE DIFFERENTIAL *(in thousands)*

Interest rate differential on a taxable equivalent basis increased from an average of 1.81% in 1982 to 2.23% in 1983, as the average cost of deposits declined more rapidly than the average yield on investments. Average rates and change in interest rate differential are shown below:

	1983	1982	Increase (Decrease)
Investment income	$1,073,486.	$1,205,238	$(131,752)
Taxable equivalent adjustment	34,680	36,549	(1,869)
	1,108,166	1,241,787	(133,621)
Interest on deposits	866,097	1,043,952	(177,855)
Differential	$ 242,069	$ 197,835	$ 44,234

Differential allocated to:	Volume	Rate	Net
Investments	$ 80,388	$ (214,009)	$(133,621)
Deposits	65,282	(243,137)	(177,855)
Differential	$ 15,106	$ 29,128	$ 44,234

Interest rate differential (taxable equivalent basis)	1983	1982	Increase (Decrease)
Average investment yield	11.92%	14.22%	(2.30)%
Average deposit cost	9.69	12.41	(2.72)
Differential	2.23%	1.81%	.42 %

MATURITIES *(in thousands)*

INVESTMENTS

Maturity dates	Cash and short term	Securities (1)	Mortgages (2)	Other loans and investments	December 31, 1983 Total	%	December 31, 1982 Total	%
On demand and within 1 year	$1,552,222	$ 292,295	$2,543,498	$ 531,545	$4,919,560	48.6	$4,387,653	47.8
1 - 2 years		355,469	907,963	96,716	1,360,148	13.4	1,280,067	13.9
2 - 3 years		84,166	684,813	246,466	1,015,445	10.0	1,079,654	11.7
3 - 4 years		102,752	210,505	247,506	560,763	5.5	565,570	6.2
4 - 5 years		263,057	324,556	210,486	798,099	7.9	355,066	3.9
after 5 years		392,770	89,316	777,277	1,259,363	12.5	1,297,074	14.1
stocks (non-retractable)		105,576			105,576	1.1	108,604	1.2
accrued income	13,564	28,481	33,129	26,867	102,041	1.0	111,711	1.2
	$1,565,786	$1,624,566	$4,793,780	$2,136,863	$10,120,995	100.0	$9,185,399	100.0

DEPOSITS

Maturity dates	Demand	Cashable term	Term (2)	December 31, 1983 Total	%	December 31, 1982 Total	%
Payable after notice and within 1 year	$4,087,623	$ 635,273	$2,176,024	$ 6,898,920	71.4	$6,458,104	73.2
1 - 2 years			1,010,772	1,010,772	10.5	779,653	8.8
2 - 3 years			662,972	662,972	6.9	709,257	8.0
3 - 4 years			198,998	198,998	2.0	349,582	4.0
4 - 5 years			527,955	527,955	5.5	130,063	1.5
after 5 years			91,905	91,905	.9	115,987	1.3
accrued interest	53,231	6,032	212,576	271,839	2.8	282,371	3.2
	$4,140,854	$ 641,305	$4,881,202	$ 9,663,361	100.0	$8,825,017	100.0

(1) Securities include various types of bonds, debentures, preference and common shares, all reflected at stated cost. Preference shares which have a specific redemption feature at the option of the holder are reflected in the year when the option may first be exercised.

(2) Currently, approximately 50% of term deposits are renewed at maturity. Mortgages not fully paid on maturity approximate 85% and are expected to be renewed on the same amortization schedule adjusted for any variation in interest rates.

(3) The maturities have been arranged to reflect anticipated principal repayments on mortgages, other loans, equipment leases and income averaging contracts in the years they are due.

LIQUIDITY MANAGEMENT

Liquidity management is the continuing ability to meet deposit withdrawals, deposit maturities and fund investments and other contractual commitments. Liquidity represents the total value of assets which can be converted quickly into cash to meet requirements. Two liquidity requirements have been defined. The first is by statute, the second and more stringent is financial standards as defined by the Department of Insurance of Canada. Liquidity management practices followed are more conservative than requirements. Both short and long term requirements are monitored daily and asset and liability management strategies are adopted in concert therewith.

Consolidated Liquidity, December 31 *(in thousands)*

	Approved for statutory liquidity at book value		Approved for financial standards test at market value	
	1983	1982	1983	1982
Cash	$ 126,528	$ 110,120	$ 126,528	$ 110,120
Canada and provincial securities	1,001,668	799,513	1,014,653	820,097
Eligible short term notes of original term under one year	900,725	818,183	1,657,245	1,582,429
	2,028,921	1,727,816	2,798,426	2,512,646
Less:				
Statutory liquidity requirement, 20% of cashable and demand deposits and term deposits maturing within 100 days	1,052,177	998,199		
Financial standards test liquidity requirement			1,205,724	1,114,537
Surplus liquidity	$ 976,744	$ 729,617	$1,592,702	$1,398,109

"Major reorganization and renovation of the savings floor set the stage for future growth."

Jim McDougall
Calgary Main

LOAN LOSS STATISTICS *(pre-tax basis - net of recoveries)*

	1983	1982	1981	1980	1979
Actual loan loss experience (in thousands)					
Mortgages	$ 4,667	$ 3,777	$ 600	$ 443	$ 759
Corporate term	12,681	15,000			
Financial institutions					
Consumer and personal	1,689	1,946	1,278	1,107	668
Collateral	1,014	260	1,190	159	
	$ 20,051	$ 20,983	$ 3,068	$ 1,709	$ 1,427
Loans outstanding, December 31 (in thousands)					
Mortgages	$4,793,780	$4,363,370	$4,759,906	$4,782,826	$4,453,730
Corporate term	799,275	802,836	644,229	200,451	42,858
Financial institutions	503,495	551,803	425,966	318,339	194,027
Consumer and personal	360,755	312,587	345,361	349,882	265,145
Collateral	203,406	175,843	196,976	180,357	116,238
	$6,660,711	$6,206,439	$6,372,438	$5,831,855	$5,071,998
Loan loss experience as a percentage of loans outstanding					
Mortgages	0.097	0.087	0.013	0.009	0.017
Corporate term	1.587	1.868			
Financial institutions					
Consumer and personal	0.468	0.623	0.370	0.316	0.252
Collateral	0.499	0.148	0.604	0.088	
	0.301	0.338	0.048	0.029	0.028

"Several accounting operations were mechanized using current technology."
Alan Bolam
Accounting

INFLATION ADJUSTED INFORMATION

The financial statements and all related information within the annual report reflect the recording of financial transactions in historical dollars as required by generally accepted accounting principles.

The Canadian Institute of Chartered Accountants recommends that certain Canadian companies provide supplementary inflation adjusted information in their annual reports. The recommendation excludes banks, trust and insurance companies at this time due to a lack of consensus as to the method of disclosure. The method suggested for other companies attempts to measure ability to maintain current levels of productivity in an inflationary environment. Those complying are encouraged to experiment and innovate.

Thoughtfully developed inflation adjusted information is useful to assess some effects of inflation on present and future operations. The most widely recognized measures of such effects are constant dollar and current cost. Constant dollar valuation adjusts key financial indicators for the general rate of inflation by use of a recognized index such as the Consumer Price Index resulting in a presentation of dollars of equal value from year to year as appears in the following table.

The accompanying adjusted consolidated statement of condition has been prepared on the following basis:

	Basis of Valuation
Cash and short term notes	Stated value
Securities	Market value
Loans	Net present value
Real estate investment properties	Appraised value
Receivables under equipment leases	Net present value
Non-performing investments	Stated value
Land, premises and equipment	Appraised value
Demand and cashable term deposits	Stated value
Term deposits	Net present value
Mortgages payable	Net present value
Dividends	Stated value
Future income taxes	Nil

Net present value is calculated to yield current rates in effect at year-end for each portfolio valued on this basis. Income taxes which would arise on disposal of assets and liabilities at adjusted values have not been reflected in the accompanying adjusted consolidated statement of condition.

The earnings adjustment includes the effects of inflation, valuation and changing interest rates and is subject to various interpretations; one being it results in inflation adjusted earnings which may be compared to net earnings reported in the historical dollar consolidated statement of earnings on page 21.

Caution should be exercised in the interpretation of inflation adjusted information as it is experimental and highly subjective. It is not necessarily indicative of present or future prospects.

SELECTED INFLATION ADJUSTED FINANCIAL DATA

	Year Ended December 31				
	1983	1982	1981	1980	1979
	(in millions except per share amounts)				
Net investment income:					
As reported	$197.4	$146.3	$103.1	$ 97.8	$ 78.8
Adjusted for inflation (1)		155.3	121.5	129.7	114.9
Net earnings:					
As reported	64.0	40.3	28.7	28.2	24.4
Adjusted for inflation (1)		42.8	33.8	37.4	35.6
Shareholders' equity (at year-end):					
As reported	442.5	363.1	314.7	255.8	247.1
Adjusted for inflation (2)		378.3	360.0	328.2	352.7
Per common share (fully diluted):					
Net earnings -					
As reported	4.80	3.22	2.53	2.72	2.54
Adjusted for inflation (1)		3.42	2.98	3.61	3.70
Dividends paid -					
As reported	1.52	1.52	1.52	1.52	1.52
Adjusted for inflation (1)		1.61	1.79	2.02	2.22
Average consumer price index (1981 = 100)	116.8	110.0	99.1	88.1	80.1
November 30 consumer price index (1981 = 100)	119.2	114.4	104.2	92.9	83.5

NOTES: (1) Based on average consumer price index for twelve months ended November 30
(2) Based on November 30 consumer price index

ADJUSTED CONSOLIDATED STATEMENT OF CONDITION, *December 31*

	1983	1982
ASSETS		
Investments		
Cash	$ 126,528,000	$ 110,120,000
Short term notes	1,439,258,000	1,381,030,000
	1,565,786,000	1,491,150,000
Securities		
Bonds and debentures		
Canada	633,723,000	550,288,000
Provincial	380,930,000	269,809,000
Corporate	52,290,000	38,114,000
	1,066,943,000	858,211,000
Stocks		
Preference	519,084,000	370,182,000
Common	55,892,000	25,212,000
	574,976,000	395,394,000
	1,641,919,000	1,253,605,000
Loans		
Mortgages		
Conventional	3,036,628,000	2,501,495,000
Conventional insured	925,897,000	1,045,693,000
National Housing Act	872,164,000	793,292,000
	4,834,689,000	4,340,480,000
Corporate term	806,016,000	806,293,000
Financial institutions	503,495,000	551,803,000
Consumer and personal	361,171,000	313,374,000
Collateral	202,849,000	173,471,000
	6,708,220,000	6,185,421,000
Real estate investment properties	236,193,000	212,571,000
Receivables under equipment leases	49,125,000	23,490,000
Non-performing investments	33,111,000	29,970,000
Total investments	10,234,354,000	9,196,207,000
Land, premises and equipment	72,169,000	67,742,000
	$10,306,523,000	$ 9,263,949,000
LIABILITIES		
Deposits		
Demand	$ 4,140,854,000	$ 3,563,405,000
Cashable term	641,305,000	872,276,000
Term	5,052,705,000	4,544,379,000
	9,834,864,000	8,980,060,000
Current income taxes	4,402,000	
Mortgages	9,905,000	12,483,000
Dividends	5,715,000	6,338,000
	20,022,000	18,821,000
	9,854,886,000	8,998,881,000
Adjusted shareholders' equity	451,637,000	265,068,000
	$10,306,523,000	$ 9,263,949,000

ADJUSTED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

year ended December 31, 1983

Balance beginning of year	$ 265,068,000
Net earnings (as reported)	63,976,000
Earnings adjustment	106,261,000
Inflation adjusted earnings	170,237,000
Net proceeds on issue of shares	41,183,000
Less dividends	24,851,000
	186,569,000
Balance end of year	$ 451,637,000

"High calibre administration continued to assist growth in pension trust revenue."

Dave James
Winnipeg Main

"Over 300 employees completed training units aimed at enhancing customer service."

Gary Ford
Midwestern Ontario

CAPITAL MANAGEMENT

Capital

Capital requirements are determined by management prudence, the marketplace and federal regulation. Deposits at Canada Trustco are limited by regulatory authorities to 25 times capital specifically defined. For this purpose capital is an amount equal to shareholders' equity, future income taxes and allowance for investment losses, less ineligible assets and any deficiency between book and market value of securities held. Ineligible assets are mainly furniture, equipment and leasehold improvements.

Borrowing base capital is generated through issuance of common or preference shares, internal changes in capital and changes in market value of securities held.

CHART 1

Borrowing base capital increased $119 million or 31% in 1983, of which $43 million came from issuing common shares. For the first time in many years funds generated internally accounted for a substantial portion of the overall increase. Approximately $79 million was generated internally, up 71% from 1982. Retained earnings grew by $39 million or 32%; provision for future income taxes $21 million or 61%. Allowance for investment losses declined $5 million or 15% after charges for losses.

Capital Adequacy

A long term objective is to generate the major share of capital required from internal sources. Adequate earnings are key to success. If capital generated internally falls short of deposit growth requirements, additional funds must be raised from sale of stock.

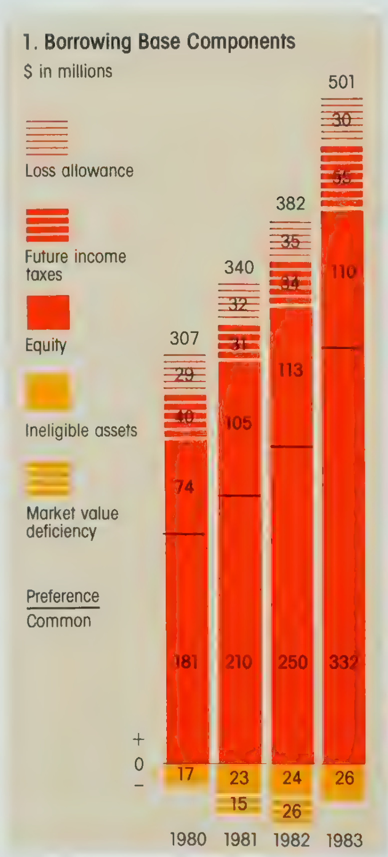
CHART 2

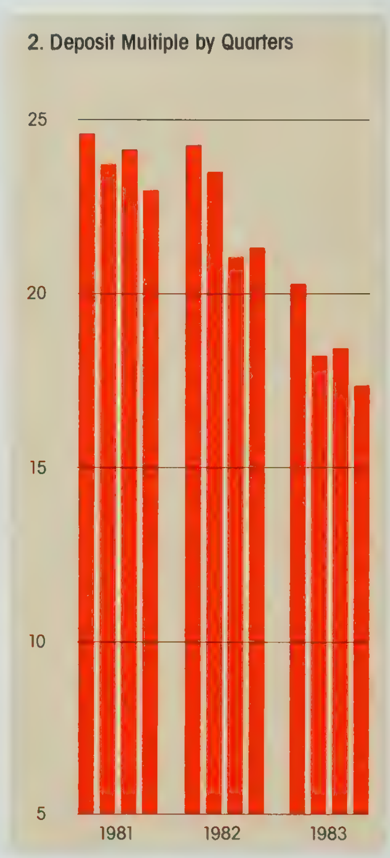
Deposit multiple movement reflects improvement in overall capital adequacy. In 1983 the multiple contracted significantly as growth in borrowing base capital exceeded deposit growth by a considerable margin. The multiple was well within the 25 times limit, at 17.31, compared with 21.16 at December 31, 1982. While capital added far exceeded minimum requirements to fund growth the deposit increase was significantly below the long term average. Current capital provides for future growth and acts as a contingency against an uncertain credit environment.

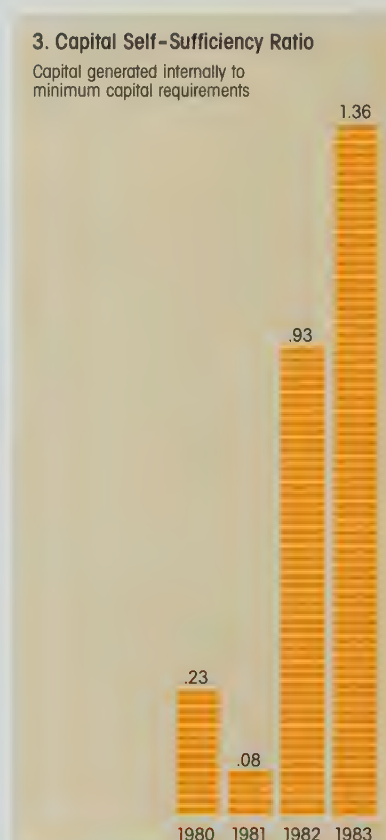
CHART 3

While deposit multiple is a measure of capital adequacy, the ratio of internal return on capital to deposit growth indicates profit adequacy. Internal return is based on current year's earnings, funds put aside for paying future income taxes and additions to the allowance for investment losses. Funds generated internally pay common and preference share dividends and provide a base for growth. Self-sufficiency requires internally generated capital to grow at least as fast as deposits. Deposit growth far outstripped capital generated internally in 1980 and 1981, and profitability measured by both return on assets and capital was completely inadequate. Profitability improved in 1982 and deposit growth declined, narrowing the gap between what was produced and required. Profitability improved sharply in 1983 and for the first time in several years capital generated internally exceeded the minimum requirement.

	1980	1981	1982	1983
Return on assets (based on internally generated capital)	0.462%	0.288%	0.521%	0.818%
÷				
Capital as per cent of assets	4.48%	3.93%	4.07%	4.34%
=				
Internal return on capital	10.3%	7.3%	12.8%	18.9%
×				
Portion retained after all dividends	0.443	0.152	0.489	0.687
=				
Internal return on capital retained	4.57%	1.12%	6.27%	12.97%
÷				
Growth in deposits	19.45%	13.43%	6.72%	9.50%
=				
Internal capital self-sufficiency ratio	0.23	0.08	0.93	1.36







REAL ESTATE INVESTMENT PROPERTIES

TRUSCAN REALTY LIMITED, *December 31, 1983*

Property	Description	Net rentable square feet	Per cent owned	Depreciated value	Appraised value	Pre-tax earnings (before intercompany eliminations)	1983 return on depreciated value (before intercompany eliminations)	
British Columbia								
Canada Trust Tower, Vancouver	Office building	565,000	25	$ 15,246,000	$ 24,750,000	$ 1,452,000	9.5%	
Poco Place, Port Coquitlam	Shopping centre	164,000	100	16,118,000	19,500,000	941,000	5.8	(2)
Kennedy Heights, Delta	Shopping centre	160,000	100	11,427,000	14,500,000	1,027,000	9.0	
Spall Plaza, Kelowna	Shopping centre	86,000	100	9,128,000	9,800,000	885,000	9.7	
Alberta								
Richmond Square, Calgary	Shopping centre	84,000	100	6,896,000	7,100,000	704,000	10.2	
10150-100th Street, Edmonton	Office building	46,000	100	1,404,000	3,300,000	320,000	22.8	
Saskatchewan								
Canada Trust Building, Saskatoon	Office building	24,000	100	2,480,000	2,270,000	201,000	8.1	(1)
Ontario								
City Centre, London	Office buildings	525,000	10	3,939,000	3,958,000	334,000	8.5	
Supermall, Sudbury	Shopping centre	224,000	100	10,771,000	11,250,000	1,418,000	13.2	
110 Yonge Street, Toronto	Office building	137,000	100	5,697,000	20,000,000	771,000	13.5	
Cambridge Place, Cambridge	Office building	112,000	66	6,214,000	5,336,000	178,000	2.9	(2)
Petrosar Building, Sarnia	Office building	107,000	100	14,041,000	17,000,000	1,758,000	12.5	(1)
305 King Street, Kitchener	Office building	103,000	100	1,754,000	4,550,000	506,000	28.8	
Byron Village Plaza, London	Shopping centre	80,000	100	4,930,000	5,225,000	505,000	10.2	
Heart Lake Town Centre, Brampton	Shopping centre	78,000	50	4,015,000	5,000,000	494,000	12.3	
Eastland Plaza, Sarnia	Shopping centre	68,000	100	2,463,000	2,875,000	260,000	10.6	
220 Dundas Street, London	Office building	64,000	100	1,031,000	3,000,000	253,000	24.5	
60 James Street, St. Catharines	Office building	56,000	100	2,452,000	3,400,000	135,000	5.5	
Mall Road Centre, Sarnia	Shopping centre	54,000	100	3,599,000	5,096,000	418,000	11.6	
Root Plaza, Guelph	Shopping centre	39,000	100	2,040,000	2,050,000	218,000	10.7	(1)
Eastwood Plaza, London	Shopping centre	38,000	100	2,251,000	3,200,000	142,000	6.3	(2)
Canada Trust Square, Brantford	Shopping centre	36,000	100	2,794,000	2,400,000	238,000	8.5	
Plattswood Centre, London	Office building	28,000	100	1,476,000	2,000,000	177,000	12.0	
Other Locations	Office and retail	353,000		16,889,000	19,163,000	1,755,000	10.4	
		3,231,000		149,055,000	196,723,000	$15,090,000	10.1%	

Land development	Description	Lots/ units	Future acreage	Per cent owned	Cost	Appraised value
British Columbia						
Saanichton Bay, Saanich	Residential	245		100	1,689,000	3,028,000
Juniper Ridge, Kamloops	Residential	374	200	100	8,872,000	12,350,000
Fleetwood, Surrey	Residential & Commercial		15	100	2,838,000	2,125,000
Westwood Six, Port Coquitlam	Commercial		8	100	3,595,000	5,300,000
Alberta						
Millrise, Calgary	Residential	409	217	50	14,997,000	11,962,000
Other Locations	Residential & Commercial	10	19		5,002,000	4,705,000
					36,993,000	39,470,000
					$186,048,000	$236,193,000

1. Developed or acquired in 1983 – earnings and return projected on full year basis.
2. Currently being leased.

"A rejuvenated marketing program led to solid gains in corporate business development."

Bob James
Corporate Business Development, Metro Toronto

"Expansion continued in Ottawa with the successful opening of a fifth branch."

Bob Strachan
Northern Ontario/ Quebec

FIVE YEAR FINANCIAL ANALYSIS, *year ended December 31*

	1983	1982	1981	1980	1979
EARNINGS (as % of income)					
Income					
Investment	92.9%	94.6%	94.7%	94.4%	93.9%
Fees and net commissions	6.9	5.2	4.9	5.3	5.8
Other	.2	.2	.4	.3	.3
	100.0	100.0	100.0	100.0	100.0
Expense					
Interest on deposits and provision for investment losses	75.8	83.1	86.4	83.2	82.1
Salaries and employee benefits	8.6	7.5	6.6	7.4	8.0
Other	7.5	5.9	5.2	6.0	6.3
	91.9	96.5	98.2	96.6	96.4
Earnings before income taxes	8.1	3.5	1.8	3.4	3.6
Income taxes	2.6	.3	(.6)	.1	(.1)
Net earnings	5.5%	3.2%	2.4%	3.3%	3.7%
NET EARNINGS RATIOS					
To averaged					
Assets	.66%	.44%	.34%	.40%	.42%
Common shareholders' equity - fully diluted	16.8%	12.7%	10.5%	12.0%	11.5%
Full-time equivalent employee	$13,156	$8,861	$6,134	$6,584	$6,592
ASSETS, LIABILITIES AND EQUITY (as % of total assets)					
Assets					
Cash and short term notes	15.4%	16.1%	12.5%	8.3%	7.7%
Securities	16.0	13.6	11.2	13.1	11.3
Loans	65.4	67.2	73.9	76.7	79.2
Other investments	2.6	2.5	1.9	1.5	1.4
Land, premises and equipment	.6	.6	.5	.4	.4
	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities					
Deposits payable after notice	47.0%	48.0%	47.6%	43.0%	36.9%
Term deposits	47.9	47.5	48.0	52.9	58.4
Total deposits	94.9	95.5	95.6	95.9	95.3
Other liabilities	.2	.2	.3	.2	.2
Future income taxes	.5	.4	.4	.5	.6
	95.6	96.1	96.3	96.6	96.1
Shareholders' equity	4.4	3.9	3.7	3.4	3.9
	100.0%	100.0%	100.0%	100.0%	100.0%
RATIOS					
Loans					
To total deposits	68.9%	70.3%	77.3%	80.0%	83.1%
Shareholders' equity					
To loans	6.6%	5.8%	4.9%	4.4%	4.9%
Deposit multiple	17.31×	21.16×	22.87×	22.94×	19.64×
Preference share portion of shareholders' equity	24.9%	31.1%	33.3%	29.0%	31.1%
Dividends paid per common share as a percentage of attributable net earnings	27.3%	44.0%	57.6%	53.9%	56.7%

TABLE OF AVERAGE HOLDINGS *(in millions)*

	1983	1982	1981	1980	1979
Investments					
Cash, short term notes and securities	$ 2,850	$2,402	$1,894	$1,477	$1,039
Mortgages	4,492	4,444	4,746	4,515	4,004
Loans, real estate and receivables under equipment leases	1,953	1,884	1,465	857	567
Average investments	$ 9,295	$8,730	$8,105	$6,849	$5,610
Deposits					
Demand	$ 3,696	$3,276	$2,631	$2,053	$1,578
Cashable term	770	976	1,130	772	470
Term	4,471	4,159	4,076	3,803	3,376
Average deposits	$ 8,937	$8,411	$7,837	$6,628	$5,424

Computed principally on average daily balances

FOURTH QUARTER CONSOLIDATED STATEMENT OF EARNINGS
three months ended December 31
(unaudited)

	1983	1982	% Increase (Decrease)
Investment income			
Short term notes	$ 33,122,000	$ 50,489,000	(34)
Securities	38,610,000	29,707,000	30
Mortgages	143,251,000	148,957,000	(4)
Loans and equipment leases	51,941,000	64,240,000	(19)
Net real estate investment properties	4,366,000	3,330,000	31
	271,290,000	296,723,000	(9)
Interest on deposits	213,107,000	239,906,000	(11)
Net investment income	58,183,000	56,817,000	2
Provision for investment losses	2,500,000	12,300,000	(80)
Net investment income after provision for investment losses	55,683,000	44,517,000	25
Fees			
Personal trust	3,121,000	2,450,000	27
Pension and pooled trust funds	1,268,000	1,008,000	26
Corporate trust	2,558,000	2,261,000	13
Service	11,175,000	10,641,000	5
	18,122,000	16,360,000	11
Commissions			
Real estate sales	9,777,000	8,776,000	11
Real estate sales personnel	7,824,000	6,618,000	18
Net real estate sales commissions	1,953,000	2,158,000	(9)
Other income	1,593,000	1,583,000	1
Earnings before operating expenses	77,351,000	64,618,000	20
Operating expenses			
Salaries, pension and other benefits	25,771,000	24,812,000	4
Occupancy	5,698,000	4,433,000	29
Computer, furniture and equipment	5,655,000	5,228,000	8
Communications	1,921,000	1,440,000	33
Stationery	1,008,000	802,000	26
Advertising	2,279,000	1,499,000	52
Insurance, commissions and fees	2,584,000	2,164,000	19
Provincial taxes on capital	723,000	711,000	2
Other	3,047,000	3,042,000	
	48,686,000	44,131,000	10
Earnings before income taxes	28,665,000	20,487,000	40
Income taxes	9,459,000	6,181,000	53
Net earnings	$ 19,206,000	$ 14,306,000	34
Attributed to			
Preference shares non-convertible	$ 2,242,000	$ 2,852,000	(21)
Preference shares convertible		324,000	(100)
Common shares	16,964,000	11,130,000	52
	$ 19,206,000	$ 14,306,000	34
Net earnings per common share – basic	$ 1.62	$ 1.28	27
Net earnings per common share – fully diluted	$ 1.43	$ 1.14	25
Dividends paid per common share	$ .33	$ .33	
Net earnings ratios – annualized			
To averaged			
Assets	.77%	.62%	
Common shareholders' equity – fully diluted	18.87%	16.78%	

"A five year strategy was developed for branch expansion."
Don Nichol
Metro Toronto

"A concerted sales effort generated a 60% increase in personal trust immediate fee business."
Ken Rennie
Victoria Main

"Sales and service were enhanced by moving Quebec pension trust administration to Montreal from Toronto."
Bob DeCelles
Quebec

THE PENSION FUND OF CANADA TRUSTCO
MORTGAGE COMPANY AND
THE CANADA TRUST COMPANY

STATEMENT OF ASSETS, *December 31*

	1983	1982
Assets		
Investments		
Cash and short term notes	$ 3,213,000	$ 6,163,000
Bonds and debentures	30,308,000	27,052,000
Mortgages	7,140,000	11,134,000
Stocks	42,159,000	25,740,000
	$82,820,000	$70,089,000

STATEMENT OF CHANGES IN ASSETS
year ended December 31

	1983	1982
Income		
Interest	$ 4,319,000	$ 5,006,000
Dividend	1,765,000	1,366,000
Change in net unrealized gain on investments	2,504,000	6,415,000
Net gain (loss) on sale of investments	3,837,000	(2,789,000)
	12,425,000	9,998,000
Contributions		
Company	1,137,000	4,333,000
Member	1,844,000	1,763,000
	2,981,000	6,096,000
	15,406,000	16,094,000
Expenditures		
Pension, termination and death benefits	2,553,000	2,088,000
Fees to The Canada Trust Company	122,000	139,000
	2,675,000	2,227,000
Increase in assets for year	12,731,000	13,867,000
Balance beginning of year	70,089,000	56,222,000
Balance end of year	$82,820,000	$70,089,000

Approved on behalf of the trustee

J.D. Richardson, Executive Vice-President, Regional Operations

J.H. Speake, Executive Vice-President, Client and Corporate Services

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
year ended December 31, 1983

1. Significant accounting policy
Investments are recorded at market value and the difference between this amount and average cost is recorded as unrealized gains and losses on investments. Investment income is recognized on an accrual basis for both interest and dividend income.

2. Actuarial valuation
An actuarial valuation of the pension plan is performed annually using the single premium method. The latest actuarial valuation, at December 31, 1982, disclosed that the plan was fully funded.

3. Investments at market value

	1983	1982
Cash	$ 493,000	$ 2,486,000
Short term notes	2,720,000	3,677,000
	3,213,000	6,163,000
Bonds and debentures		
Canada	21,500,000	19,257,000
Provincial	1,361,000	2,439,000
Corporate	7,447,000	5,356,000
	30,308,000	27,052,000
Mortgages		
Conventional	7,140,000	11,134,000
Stocks		
Preference	163,000	541,000
Common	41,996,000	25,199,000
	42,159,000	25,740,000
	$82,820,000	$70,089,000

AUDITORS' REPORT

To The Trustee of The Pension Fund of Canada Trustco
Mortgage Company and The Canada Trust Company

We have examined the statement of assets of The Pension Fund of Canada Trustco Mortgage Company and The Canada Trust Company as at December 31, 1983 and the statement of changes in assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the fund as at December 31, 1983 and the changes in its assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson Gordon

January 24, 1984
London, Canada

Clarkson Gordon
Chartered Accountants

"Initial steps were taken to adapt electronic technology to internal delivery of legal services."
John Whaley
General Counsel

"First year personal trust fees more than doubled as a result of aggressive marketing."
Evan Whitehead
Windsor Main

EXECUTIVE AND SENIOR MANAGEMENT

One of our greatest assets is the strength of management. After each name, age and number of years service are shown. Average age is 45.4 years and average service 17.7 years.

*Arthur H. Mingay (64-46)
Chairman of the Board and the Executive Committee

Mervyn L. Lahn (50-29)
President and Chief Executive Officer

REGIONAL

*John D. Richardson (45-12)
Executive Vice-President Regional Operations

PACIFIC REGION

Regional Office
Four Bentall Centre, Vancouver

Archie H. Kerr (59-24)
Vice-Chairman

M. Suellen Levi (30-7)
Assistant Vice-President

W. Lindsay Somerville (41-14)
Assistant Vice-President
Manager, Vancouver Main

Kenneth G. Rennie (38-18)
Assistant Vice-President
Manager, Victoria Main

Peter A. Davidson (44-7)
Assistant Vice-President
Corporate Business Development

PRAIRIE REGION

Regional Office
3rd Street S.W. at 5th, Calgary

Derek J. Warren (52-24)
Vice-Chairman

Kenneth L. Sutherland (51-32)
Assistant Vice-President
Corporate Business Development

Kenneth J. McCubbin (45-13)
Vice-President

David B. Gregory (36-10)
Assistant Vice-President

James T. McDougall (41-17)
Assistant Vice-President
Manager, Calgary Main

Ronald S. Clayton (41-15)
Assistant Vice-President
Manager, Edmonton Main

David W. James (39-6)
Assistant Vice-President
Manager, Winnipeg Main

SOUTHWESTERN ONTARIO REGION

Regional Office
Dundas at Clarence, London

A. James Scafe (51-29)
Vice-President

D. Eric MacMillan (49-30)
Assistant Vice-President

Robert P. Morneau (45-15)
Assistant Vice-President

Gwyn E. Williams (46-25)
Vice-President
Manager, London Main

O. Evan Whitehead (50-31)
Assistant Vice-President
Manager, Windsor Main

MIDWESTERN ONTARIO REGION

Regional Office
King at Water, Kitchener

J. Terence Osbourne (54-27)
Vice-President

Gary L. Ford (37-14)
Assistant Vice-President

Wilfred W. Park (56-36)
Assistant Vice-President
Manager, Kitchener Main

METROPOLITAN TORONTO REGION

Regional Office
Yonge at Adelaide, Toronto

G.L. (Jed) Purcell (50-2)
Senior Vice-President

Charles C. Parsons (54-21)
Vice-President

Donald W. Nichol (41-11)
Assistant Vice-President

Liam S. O'Brian (55-17)
Vice-President
Corporate Business Development

Robert B. James (54-19)
Assistant Vice-President
Corporate Business Development

George Pace (51-35)
Assistant Vice-President
Manager, Toronto Main

NORTHERN ONTARIO/ QUEBEC REGION

Regional Office
Laurier at Metcalfe, Ottawa

Leonard W. Stoll (49-31)
Vice-President

Robert D. M. Strachan (35-14)
Assistant Vice-President

W. Robert DeCelles (56-19)
Assistant Vice-President, Quebec

James R. Wilken (47-22)
Assistant Vice-President
Manager, Ottawa Main

HAMILTON/NIAGARA REGION

Regional Office
King at Hughson, Hamilton

Leo P. Sauve (52-20)
Vice-President

Warren C. Elliott (44-23)
Assistant Vice-President

Stephen C. Merrill (37-12)
Assistant Vice-President
Manager, Hamilton Main

ATLANTIC REGION

Regional Office
Quinpool at Monastery, Halifax

Donald W. Snyder (38-17)
Assistant Vice-President
Manager, Halifax Main

HEAD OFFICE

Canada Trust Tower
Dundas at Wellington, London

CLIENT & CORPORATE SERVICES

Jack H. Speake (55-34)
Executive Vice-President

John L. Doran (47-20)
Vice-President-Comptroller

Alan K. J. Bolam (37-3)
Assistant Vice-President
Accounting Services

Michael D. Woeller (31-5)
Assistant Vice-President
Planning & Information Services

Philip A. Heiland (53-12)
Vice-President
Trust & Corporate Services

*Donald A. MacDonald (56-38)
Assistant Vice-President
Corporate Trust Services

J. Rory MacDonald (33-8)
Assistant Vice-President
Personal Trust Services

J. Murray Tonge (35-7)
Assistant Vice-President
Pension Trust Services

J. Brent Kelman (41-6)
Vice-President
Data Resources

James T. Lindores (51-15)
Vice-President
Savings Services

Stan A. Martin (37-16)
Assistant Vice-President
Demand Savings Services

Sean J. McNamara (41-16)
Assistant Vice-President
Credit Card Services

Norman White (56-24)
Assistant Vice-President
Clearing Systems

Frank W. Pratt (42-17)
Vice-President
Marketing Services

Donald E. Park (33-11)
Assistant Vice-President
Advertising

Duncan F. Tilly (41-12)
Vice-President
Human Resources

Douglas R. Dolman (45-12)
Assistant Vice-President
Office Systems & Services

John A. Whaley (43-2)
Assistant Vice-President
General Counsel

FINANCE & INVESTMENT SERVICES

*Peter C. Maurice (46-11)
Executive Vice-President

*W. James Blowers (50-30)
Vice-President
Trust Investments

*Christopher M. Disney (41-7)
Assistant Vice-President
Fixed Income Investments

*Bruce Hartman (42-7)
Assistant Vice-President
Equity Investments

*Raymond H. Brackstone (44-5)
Vice-President
Corporate Investments

*Richard B. Coles (37-4)
Assistant Vice-President
Corporate Loans

*Robert M. Overholt (44-13)
Assistant Vice-President
Residential Mortgages and Consumer Loans

*William C. Thornhill (36-12)
Assistant Vice-President
Financial Administration

*G. T. (Tom) Gunn (41-6)
Assistant Vice-President
Asset-Liability Management

REAL ESTATE SALES

B. Eric Minns (54-20)
Vice-President

PROPERTY INVESTMENTS

John F. Schucht (39-18)
Vice-President

J. Douglas Gibbings (40-22)
Assistant Vice-President
Design & Construction

SECRETARY

C. Robert Clarke (63-34)
Vice-President

AUDIT SERVICES

Robert E. Redgwell (50-25)
Vice-President

* *Located at Executive Offices Canada Trust Building Yonge and Adelaide, Toronto*

FINANCIAL SERVICES BRANCHES

Total national branches: 197
Regional branches in brackets

**Company owned*
‡*Company has ownership interest*

PACIFIC REGION (24)

BURNABY
5000 Kingsway Plaza

CLEARBROOK
Meadow Fair Plaza

KELOWNA
**Harvey at Spall*

LANGLEY
Willowbrook Mall

NANAIMO
Terminal Park Plaza

NEW WESTMINSTER
6th Street at 7th

PORT COQUITLAM
**Lougheed at Westwood*

PRINCE GEORGE
**Victoria at 5th*

RICHMOND
Francis at No. 1 Road
Lansdowne Park Mall
No. 3 Road at Cook
No. 3 Road at Williams

SURREY
152nd Street at 103rd

VANCOUVER
‡*Four Bentall Centre*
Cambie at 41st
Denman at Comox
41st at Yew
Lonsdale at 19th
Main at Pender
Park Royal Shopping Centre
West Pender at Hornby

VICTORIA
* *View at Broad*
Quadra at McKenzie

WHITE ROCK
Semiahmoo Shopping Centre

PRAIRIE REGION (31)

BRANDON
* *Rosser at 8th*

CALGARY
3rd Street at 5th S.W.
Centre Street N. at 12th
8th Ave. S.W. at 2nd
14th Street at Northmount N.W.
Market Mall Professional Building
Memorial Drive at 52nd N.E.
**Richmond Square Mall*
17th Ave. S. W. at 11th
Southcentre Mall

EDMONTON
**100th Street at 101A*
Capilano Mall
Castle Downs Town Square
82nd Street at 130th
51st Ave. at 105th
Jasper at 115th
Millbourne Mall
156th Street at 87th
**Whyte at 83rd*

LETHBRIDGE
Park Meadow Mall
**3rd Ave. S. at 7th*

MEDICINE HAT
**3rd Street S.E. at 5th*

MOOSE JAW
**318 Main Street*

RED DEER
50th Ave. at Bennett
Village Shopping Centre

REGINA
11th Ave. at Cornwall
Albert at Gordon

SASKATOON
**2nd Ave. S. at 21st*

ST. ALBERT
St. Albert Mall

WINNIPEG
**Portage at Fort*
Unicity Mall

Richmond Square Mall
Calgary, Alberta

Oxford at Platt's Lane
London, Ontario

SOUTHWESTERN ONTARIO REGION (28)

CHATHAM
*King at 3rd
Chatham Place

LEAMINGTON
Talbot at Erie

LONDON
‡City Centre Mall
Adelaide at Cheapside
Bradley at Ernest
*Commissioners at Boler
*Dundas at Clarence
*Dundas at Clarke Road
Dundas at English
Dundas at Talbot
*Huron at Highbury
*Oxford near Hyde Park Road
*Oxford at Platt's Lane
*Richmond at University
*Wonderland at Sherwood Forest
Wonderland at Westmount Mall
*Wortley at Elmwood

SARNIA
*Christina at London Road
*Lambton Mall Road
Lochiel near Christina

ST. THOMAS
*Talbot at Elgin
Elgin Mall

STRATHROY
Caradoc at Ontario

WINDSOR
University at Victoria
Devonshire Mall
*Ouellette at Wyandotte
Tecumseh at Annie

MIDWESTERN ONTARIO REGION (30)

BARRIE
*Dunlop at Memorial

CAMBRIDGE
*44 Main Street
Franklin at Highway 8
John Galt Mall
*King at Westminster

ELMIRA
*53 Arthur Street

FERGUS
*St. Andrew at Tower

GUELPH
*Wyndham at Cork
Edinburgh at Municipal
Willow West Mall
*Woolwich at Speedvale

KITCHENER
*King at Water
*Belmont at Claremont
Fairview Park Mall
Forest Hill Plaza
*King at Ontario
Market Square
Pioneer Park Plaza
Stanley Park Mall
Strasburg at Blockline

LISTOWEL
Listowel Plaza, 975 Wallace N.

NEW HAMBURG
*Huron at Union

ORANGEVILLE
Orangeville Mall

OWEN SOUND
*985-2nd Ave. E.

STRATFORD
*Downie at Albert

WATERLOO
*Erb at King
Conestoga Mall
*Weber at Lincoln
Westmount Place

WOODSTOCK
*Dundas at Brock

HAMILTON/NIAGARA REGION (34)

ANCASTER
Wilson west of Fiddler's Green

BRANTFORD
*King George at Charing Cross

BURLINGTON
*Brant at Caroline
Burlington Mall
Guelph Line at Upper Middle
New at Appleby Line
Plains Road at King

DELHI
Church at Queen

DUNDAS
*King at Sydenham

DUNNVILLE
*Lock at Queen

FORT ERIE
*70 Jarvis Street

GRIMSBY
*Main at Christie

HALTON HILLS (GEORGETOWN)
*Main at James

Cambie at 41st
Vancouver, B.C.

King at Sydenham
Dundas, Ontario

HAMILTON
*King at Hughson
Centre Mall
Eastgate Square
Fennell at Upper Ottawa
Fennell at Upper Wentworth
Jackson Square
King at Rosedale
*Upper James at Mohawk

MILTON
*Main at Charles

NIAGARA FALLS
*Queen at St. Clair
Town & Country Plaza
Niagara Square

OAKVILLE
*Lakeshore at Trafalgar
Oakville Place

PORT COLBORNE
Clarence at Elm

SIMCOE
*Norfolk at Young
Simcoe Mall

ST. CATHARINES
*James at King
Grantham Plaza
Pen Centre

WELLAND
*Main at Cross

METROPOLITAN TORONTO REGION (31)

BRAMPTON
*Main at Queen
Bramalea City Centre
Shoppers' World Mall

MISSISSAUGA
*Highway 10 south of 5
Burnhamthorpe at Erin Mills
Meadowvale Town Centre
Square One

OSHAWA
*Simcoe at King

TORONTO CENTRAL
*Yonge at Adelaide
Bloor at Bathurst
*Eglinton west of Avenue Road
*St. Clair at Yonge
Yonge at Erskine

TORONTO EAST
Don Mills Centre
Lawrence at Burnview
Lawrence at Golf Club Road
Lawrence at Pharmacy
Shoppers' World, 3003 Danforth
Warden Woods Mall

TORONTO NORTH
Fairview Mall
5400 Yonge south of Finch
Finch at Birchmount
Finch east of Bayview
Hillcrest Mall
Sheppard east of Warden
St. Andrews Plaza, The Links Road

TORONTO WEST
Bloor at Islington
Bloor east of Royal York
Richview Plaza, Eglinton west of Islington
Markland Wood Plaza
Royal York north of Eglinton

NORTHERN ONTARIO/ QUEBEC REGION (17)

CORNWALL
Cornwall Square

KAPUSKASING
Model City Mall

KINGSTON
*Princess at Wellington
Bath at Gardiners
Princess at Bath

KIRKLAND LAKE
*51 Government Road W.

MONTREAL
800 Dorchester Boulevard W.

NEW LISKEARD
Timiskaming Square

NORTH BAY
Fraser at McIntyre
North Bay Mall

OTTAWA
Laurier at Metcalfe
*Bank at Heron
*Merivale north of Meadowlands
Richmond at Carling
Westgate Shopping Centre

SUDBURY
*Cedar at Durham

TIMMINS
*Third at Cedar

ATLANTIC REGION (2)

HALIFAX
Quinpool at Monastery

SAINT JOHN
*King at Canterbury

Dundas at Brock
Woodstock, Ontario

Lawrence at Burnview
Toronto, Ontario

REAL ESTATE OFFICES

Total national offices: 79
Regional offices in brackets

**Company owned*
‡Company has ownership interest

PACIFIC REGION (8)

Harry J. Boyd
Regional Manager

PORT COQUITLAM
**Lougheed at Westwood*

RICHMOND
No. 3 Road at Cook

SURREY
10310-152nd Street

VANCOUVER
41st at Yew
‡Four Bentall Centre (I.C.I.)
‡Four Bentall Centre (I.C.I.)
Lonsdale at East 18th

WHITE ROCK
15133-16th Ave.

ALBERTA NORTH (9)

Lorne Clark
Regional Manager

BRANDON
**819 Rosser Ave.*

EDMONTON
10020-101A Ave. (I.C.I.)
Primrose Shopping Centre
Saddleback Road west of 111th Street

RED DEER
Village Shopping Centre 6320-50th Ave.

REGINA
Albert at 3rd N.

ST. ALBERT
Rivercrest Plaza, 367 St. Albert Road

SHERWOOD PARK
Sherwood Park Inn

WINNIPEG
Pembina Hwy. at Hector

ALBERTA SOUTH (6)

Douglas Rans
Regional Manager

CALGARY
Franklin Centre
Midpark Way S.E. near MacLeod Trail
Ranchlands Blvd. N.W. at Nosehill
**Richmond Square 2515-90th Ave. S.W.*
Willow Park Village 10816 MacLeod Trail

ALBERTA COMMERCIAL DIVISION (1)

Sam Sebo
Regional Manager

CALGARY
665-8th Street S.W.

SOUTHWESTERN ONTARIO REGION (13)

Gene L. Baillargeon
Regional Manager

LONDON
**Byron Shopping Centre*
**Huron at Highbury*
King near Waterloo (I.C.I.)
Pall Mall at Richmond
Sherwood Forest Mall
Wellington at Bradley
Wharncliffe at Commissioners
Wonderland at Westmount Mall

NORWICH
Stover near Main

SARNIA
**Lambton Mall Road*

ST. THOMAS
**Talbot at Elgin*

STRATHROY
Caradoc at Ontario

WOODSTOCK
Dundas at Burtch

MIDWESTERN ONTARIO AND HAMILTON/NIAGARA REGIONS (25)

Robert C. Mair
Regional Manager

BRANTFORD
King George at Forsyth

BURLINGTON
Fairview at Walker's Line

CAMBRIDGE
Hespeler Road at Bishop
**King at Westminster*
Main at Ainslie

DUNDAS
**King at Sydenham*

ELMIRA
**53 Arthur Street*

GUELPH
**Wyndham at Cork*

HAMILTON
Centennial Parkway north of Queenston
Upper James south of Fennell

HANOVER
10th near 7th

KITCHENER
Highland Road east of Westmount
**King at Water*
**King at Water (I.C.I.)*
Stanley Park Mall
Strasburg at Blockline

NEW HAMBURG
Peel at Huron

NIAGARA FALLS
**Queen at St. Clair*

ST. CATHARINES
Welland at Clark

STRATFORD
Ontario at Waterloo

WATERLOO
Conestoga Mall
**Erb at King*
**Weber at Lincoln*
Westmount Place

WELLAND
**Main at Cross*

CENTRAL ONTARIO AND NORTHERN ONTARIO/ QUEBEC/ATLANTIC REGIONS (17)

Nat Green
Regional Manager

BRAMPTON
Bramalea Road at Steeles
**Main at Queen*

HALTON HILLS (GEORGETOWN)
**Main at James*

MISSISSAUGA
**Highway 10 south of 5*

NEPEAN
1514 Merivale Road

OAKVILLE
**Trafalgar at Lakeshore*

ORANGEVILLE
Broadway near First

OSHAWA
**Simcoe at Bond*

OTTAWA
Hampton Park Plaza

RICHMOND HILL
Hillcrest Mall

TORONTO NORTH
Bayview at Cummer
Sheppard east of Warden
Woodbine north of Steeles (I.C.I.)

TORONTO WEST
Bloor near Royal York
**Eglinton west of Avenue Road*
Markland Wood Plaza
Rexdale near Kipling (I.C.I.)

Lougheed at Westwood
Port Coquitlam, B.C.

Canada Trust